



Arkansas

Insurance Department

Grants to States to Support Health Insurance
Rate Review and Increase Transparency in
Health Care Pricing, Cycle III

CFDA 93.511

July 15, 2013

Prepared by:

- Lowell Nicholas
- Bob Alexander
- Sandra McGrew
- Kimberly McLemore
- Lesia Carter

Opportunity Title:	Grants to States to Support Health Insurance Rate Review
Issuing Agency:	CMS-Consumer Information & Insurance Oversight
Application Number:	93.511
CFDA Description:	Affordable Care Act (ACA) Grants to States for Health Insurance
Opportunity Number:	PR-PRP-13-001
Competition ID:	PR-PRP-13-001-017918
Opportunity Open Date:	05/08/2013
Opportunity Close Date:	08/01/2013
Agency Contact:	GABRIEL NAH GRANTS MANAGEMENT SPECIALIST E-mail: gabriel.nah@hhs.gov Phone: 301-492-4482

This electronic grants application is intended to be used to apply for the specific Federal funding opportunity referenced here.

If the Federal funding opportunity listed is not the opportunity for which you want to apply, close this application package by clicking on the "Cancel" button at the top of this screen. You will then need to locate the correct Federal funding opportunity, download its application, and then apply.

This opportunity is only open to organizations, applicants who are submitting grant applications on behalf of a company, state, local or tribal government, academia, or other type of organization.

* **Application Filing Name:**

Mandatory Documents

Move Form to Complete

Move Form to Delete

Mandatory Documents for Submission

Budget Information for Non-Construction Program
Application for Federal Assistance (SF-424)
Assurances for Non-Construction Programs (SF-42)
Disclosure of Lobbying Activities (SF-LLL)
Project Abstract Summary
Budget Narrative Attachment Form
Project Narrative Attachment Form

Optional Documents

Move Form to Submission List

Move Form to Delete

Optional Documents for Submission

Project Performance Site Location(s)
Other Attachments Form

Instructions

- 1 Enter a name for the application in the Application Filing Name field.**

 - This application can be completed in its entirety online; however, you will need to login to the Grants.gov website during the submission process.
 - You can save your application at any time by clicking the "Save" button at the top of your screen.
 - The "Save & Submit" button will not be functional until all required data fields in the application are completed and you clicked on the "Check Package for Errors" button and confirmed all data required data fields are completed.
 - 2 Open and complete all of the documents listed in the "Mandatory Documents" box. Complete the SF-424 form first.**

 - It is recommended that the SF-424 form be the first form completed for the application package. Data entered on the SF-424 will populate data fields in other mandatory and optional forms and the user cannot enter data in these fields.
 - The forms listed in the "Mandatory Documents" box and "Optional Documents" may be predefined forms, such as SF-424, forms where a document needs to be attached, such as the Project Narrative or a combination of both. "Mandatory Documents" are required for this application. "Optional Documents" can be used to provide additional support for this application or may be required for specific types of grant activity. Reference the application package instructions for more information regarding "Optional Documents".
 - To open and complete a form, simply click on the form's name to select the item and then click on the => button. This will move the document to the appropriate "Documents for Submission" box and the form will be automatically added to your application package. To view the form, scroll down the screen or select the form name and click on the "Open Form" button to begin completing the required data fields. To remove a form/document from the "Documents for Submission" box, click the document name to select it, and then click the <= button. This will return the form/document to the "Mandatory Documents" or "Optional Documents" box.
 - All documents listed in the "Mandatory Documents" box must be moved to the "Mandatory Documents for Submission" box. When you open a required form, the fields which must be completed are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message.
- Click the "Save & Submit" button to submit your application to Grants.gov.**
- Once you have properly completed all required documents and attached any required or optional documentation, save the completed application by clicking on the "Save" button.
 - Click on the "Check Package for Errors" button to ensure that you have completed all required data fields. Correct any errors or if none are found, save the application package.
 - The "Save & Submit" button will become active; click on the "Save & Submit" button to begin the application submission process.
 - You will be taken to the applicant login page to enter your Grants.gov username and password. Follow all onscreen instructions for submission.

Application for Federal Assistance SF-424

*** 1. Type of Submission:**

- ☐ Preapplication
☒ Application
☐ Changed/Corrected Application

*** 2. Type of Application:**

- ☒ New
☐ Continuation
☐ Revision

*** If Revision, select appropriate letter(s):**

*** Other (Specify):**

*** 3. Date Received:**

Completed by Grants.gov upon submission.

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*** a. Legal Name:**

Arkansas Insurance Department

*** b. Employer/Taxpayer Identification Number (EIN/TIN):**

71-0847443

*** c. Organizational DUNS:**

0815015580000

d. Address:

*** Street1:**

1200 West Third Street

Street2:

*** City:**

Little Rock

County/Parish:

*** State:**

AR: Arkansas

Province:

*** Country:**

USA: UNITED STATES

*** Zip / Postal Code:**

72201-1904

e. Organizational Unit:

Department Name:

Arkansas Insurance Department

Division Name:

Administration

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

Dr.

*** First Name:**

Lowell

Middle Name:

*** Last Name:**

Nicholas

Suffix:

Title: Deputy Commissioner, Rate Review Director

Organizational Affiliation:

Arkansas Insurance Department

*** Telephone Number:** 501-683-3638

Fax Number: 501-683-1299

*** Email:** lowell.nicholas@Arkansas.gov

Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type:

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

* 10. Name of Federal Agency:

CMS-Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

* 12. Funding Opportunity Number:

PR-PRP-13-001

* Title:

Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing, Cycle III

13. Competition Identification Number:

PR-PRP-13-001-017918

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

* 15. Descriptive Title of Applicant's Project:

Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing, Cycle III

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

*** 1. Type of Submission:**

- ☐ Preapplication
☒ Application
☐ Changed/Corrected Application

*** 2. Type of Application:**

- ☒ New
☐ Continuation
☐ Revision

*** If Revision, select appropriate letter(s):**

*** Other (Specify):**

*** 3. Date Received:**

Completed by Grants.gov upon submission.

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*** a. Legal Name:** Arkansas Insurance Department

*** b. Employer/Taxpayer Identification Number (EIN/TIN):**

71-0847443

*** c. Organizational DUNS:**

0815015580000

d. Address:

*** Street1:** 1200 West 3rd Street

Street2:

*** City:** Little Rock

County/Parish:

*** State:** AR: Arkansas

Province:

*** Country:** USA: UNITED STATES

*** Zip / Postal Code:** 72201-1904

e. Organizational Unit:

Department Name:

Arkansas Insurance Department

Division Name:

Administration

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Dr.

*** First Name:** Lowell

Middle Name:

*** Last Name:** Nicholas

Suffix:

Title: Deputy Commissioner, Rate Review Director

Organizational Affiliation:

Arkansas Insurance Department

*** Telephone Number:** 501-683-3638

Fax Number: 501-371-2629

*** Email:** Lowell.Nicholas@arkansas.gov

Application for Federal Assistance SF-424

J. Type of Applicant 1: Select Applicant Type:

A: State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

* 10. Name of Federal Agency:

Ofc of Consumer Information & Insurance Oversight

11. Catalog of Federal Domestic Assistance Number:

93.511

CFDA Title:

Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review

* 12. Funding Opportunity Number:

PR-PRP-11-001

* Title:

Grants to Support States in Health Insurance Rate Review-Cycle II

13. Competition Identification Number:

PR-PRP-11-001

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Areas Affected by Project.pdf

Add Attachment

Delete Attachment

View Attachment

* 15. Descriptive Title of Applicant's Project:

Premium Rate Review Grant Cycle II

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424**J. Congressional Districts Of:*** a. Applicant b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:* a. Start Date: * b. End Date: **18. Estimated Funding (\$):**

* a. Federal	<input type="text" value="3,874,098.00"/>
* b. Applicant	<input type="text" value="0.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="3,874,098.00"/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**☐ a. This application was made available to the State under the Executive Order 12372 Process for review on ☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.☐ c. Program is not covered by E.O. 12372.*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**☐ Yes ☒ No

If "Yes", provide explanation and attach

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ ** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:Prefix: * First Name: Middle Name: * Last Name: Suffix: * Title: * Telephone Number: Fax Number: mail: * Signature of Authorized Representative: * Date Signed:

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 4040-0006
Expiration Date 07/30/2010

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1. Core Rate Review	CFDA 93.511	\$	\$	674,558.00	\$	674,558.00
2. IT/ Data	CFDA 93.511			688,780.00		688,780.00
3. Outreach	CFDA 93.511			415,692.00		415,692.00
4. Legal	CFDA 93.511			95,068.00		95,068.00
5. Totals		\$	\$	1,874,098.00	\$	1,874,098.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1) Core Rate Review	(2) IT/ Data	(3) Outreach	(4) Legal	
a. Personnel	\$ 196,435.00	\$ 78,574.00	\$ 98,217.00	\$ 19,643.00	\$ 392,869.00
b. Fringe Benefits	49,109.00	19,643.00	24,554.00	4,911.00	98,217.00
c. Travel	21,708.00		23,760.00		45,468.00
d. Equipment	14,793.00	38,466.00	3,466.00		56,725.00
e. Supplies	10,800.00	18,799.00	18,266.00	1,963.00	49,828.00
f. Contractual	319,000.00	520,585.00	153,000.00	55,430.00	1,048,015.00
g. Construction					
h. Other	62,713.00	12,713.00	94,429.00	13,121.00	182,976.00
i. Total Direct Charges (sum of 6a-6h)	674,558.00	688,780.00	415,692.00	95,068.00	1,874,098.00
j. Indirect Charges					
k. TOTALS (sum of 6i and 6j)	\$ 674,558.00	\$ 688,780.00	\$ 415,692.00	\$ 95,068.00	\$ 1,874,098.00
7. Program Income	\$	\$	\$	\$	\$

Authorized for Local Reproduction

SECTION C - NON-FEDERAL RESOURCES

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	\$	\$	\$	\$
9. IT/ Data				
10. Outreach				
11. Legal				
12. TOTAL (sum of lines 8-11)	\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 1,874,098.00	\$ 674,558.00	\$ 688,780.00	\$ 415,692.00	\$ 95,068.00
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 1,874,098.00	\$ 674,558.00	\$ 688,780.00	\$ 415,692.00	\$ 95,068.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT

(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$ 1,000,000.00	\$ 1,000,000.00	\$	\$
17. IT/ Data				
18. Outreach				
19. Legal				
20. TOTAL (sum of lines 16 - 19)	\$ 1,000,000.00	\$ 1,000,000.00	\$	\$

SECTION F - OTHER BUDGET INFORMATION

21. Direct Charges: \$ 3,874,098.00	22. Indirect Charges: 0
23. Remarks: Arkansas Insurance Department has waived indirect cost	

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
19. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

<p>* SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Completed on submission to Grants.gov</p>	<p>* TITLE</p> <p>Public Information Officer</p>
<p>* APPLICANT ORGANIZATION</p> <p>Arkansas Insurance Department</p>	<p>* DATE SUBMITTED</p> <p>Completed on submission to Grants.gov</p>

Project Narrative File(s)

* Mandatory Project Narrative File Filename:

[Add Mandatory Project Narrative File](#)

[Delete Mandatory Project Narrative File](#)

[View Mandatory Project Narrative File](#)

To add more Project Narrative File attachments, please use the attachment buttons below.

[Add Optional Project Narrative File](#)

[Delete Optional Project Narrative File](#)

[View Optional Project Narrative File](#)

Budget Narrative File(s)

* **Mandatory Budget Narrative Filename:**

[Add Mandatory Budget Narrative](#)

[Delete Mandatory Budget Narrative](#)

[View Mandatory Budget Narrative](#)

To add more Budget Narrative attachments, please use the attachment buttons below.

[Add Optional Budget Narrative](#)

[Delete Optional Budget Narrative](#)

[View Optional Budget Narrative](#)

Project Abstract Summary

Program Announcement (CFDA)

93.511

Program Announcement (Funding Opportunity Number)

PR-PRP-13-001

Closing Date

08/01/2013

Applicant Name

Arkansas Insurance Department

Length of Proposed Project

24

Application Control No.**Federal Share Requested (for each year)****Federal Share 1st Year**

\$ 2,134,794

Federal Share 2nd Year

\$ 1,000,000

Federal Share 3rd Year

\$ 0

Federal Share 4th Year

\$ 0

Federal Share 5th Year

\$ 0

Non-Federal Share Requested (for each year)**Non-Federal Share 1st Year**

\$ 0

Non-Federal Share 2nd Year

\$ 0

Non-Federal Share 3rd Year

\$ 0

Non-Federal Share 4th Year

\$ 0

Non-Federal Share 5th Year

\$ 0

Project Title

Grants to States to Support Health Insurance Rate Review and Increase Transparency in Health Care Pricing, Cycle III

Project Abstract Summary

Project Summary

CYCLE III PROJECT ABSTRACT

Grants to States to Support Health Insurance Rate Review and Increase Transparency
in Health Care Pricing, Cycle III

Arkansas Insurance Department

PR-PRP-13-001 CFDA 93.511

Lowell Nicholas, Deputy Commissioner, Rate Review Director

1200 West 3rd Street, Little Rock, AR 72201-1904

Phone# 501-683-3638

Fax# 501-683-1299

Lowell.nicholas@Arkansas.gov

Projected date for project completion: September 30, 2015

Section 2794 of the Affordable Care Act (ACA) "Ensures That Consumers Get Value for Their Dollars." Specifically, Section 2794 establishes a process for the annual review of health insurance rates to protect consumers from unreasonable rate increases.

The Arkansas Health Insurance Rate Review Division (HIRRD) applied for and received funding under Cycle I and Cycle II. On August 16, 2010, U.S. Department of Health and Human Services announced a one year Cycle I award of \$1 million to the Arkansas Insurance Department (AID) to enhance current processes for reviewing health insurance premium increases. The result of this award was the creation of the Health Insurance Rate Review Division (HIRRD), within AID. On September 20, 2011, a Cycle II grant award was made to AID HIRRD in the amount of \$3,874,098.

On July 1, 2011, Steve Larsen, CCIIO Director, officially notified Commissioner Jay Bradford that the AID had met the applicable criteria and had been designated an 'Effective Rate Review Program' in all markets. Due, in part, to Cycle II funding, that official designation has been successfully maintained throughout 2013 by constant vigilance and compliance to the applicable ACA rules and regulations.

The Arkansas Health Insurance Rate Review Division (HIRRD) is currently applying for \$3,134,794 in Cycle III Rate Review funding. This consists of \$2,000,000 (baseline), \$400,000 (performance), and \$734,794 (workload). The FY14 budget is \$2,134,794 and FY15 budget is \$1,000,000. The two major projects, the All Payers Claims Database (APCD) & Insurance Rate Analysis and Tracking Engine (iRATE), take 75% of the total 14 budget and 50% of the total FY15 budget.

The HIRRD's Cycle III Goals are:

1. To enhance a meaningful and comprehensive effective rate review program that is accurate, timely, and transparent to the public, enrollees, policyholders and to the Secretary, and under which rate filings are thoroughly evaluated and, to the extent permitted by applicable State law, approved or disapproved;
2. To develop an infrastructure to effectively collect, analyze, and report to the Secretary, the Arkansas Exchange (Federal Facilitated Marketplace), and all applicable stakeholders, critical data/information about rate review decisions and trends, including, to the extent permitted by applicable State law, the approval and disapproval of proposed rate increases.

Eligibility

As required in the Cycle III FOA, the Arkansas HIRRD identifies the following criteria as evidence of its 'Eligibility' in applying for a Cycle III grant award in the total amount of \$3,134,794.

1. Activity specific requirements

The State of Arkansas has an Effective Rate Review Program and will maintain that status by implementing new rate review processes consistent with amendments to 45 CFR part 154 issued on February 27, 2013;

2. Cycle II funding status

The State of Arkansas received Cycle II funding and plans to establish an All Payers Claims Database (APCD) during Cycle III.

estimated number of people to be served as a result of the award of this grant.

923451

Other Attachment File(s)

* Mandatory Other Attachment Filename:

To add more "Other Attachment" attachments, please use the attachment buttons below.

Project/Performance Site Location(s)

Project/Performance Site Primary Location

☐ I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name: Arkansas Insurance Department

DUNS Number: 0815015580000

* Street1: 1200 West Third Street

Street2:

* City: Little Rock

County: Pulaski

* State: AR: Arkansas

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code: 72201-1904

* Project/ Performance Site Congressional District: AR 002

Project/Performance Site Location 1

☐ I am submitting an application as an individual, and not on behalf of a company, state, local or tribal government, academia, or other type of organization.

Organization Name:

DUNS Number:

* Street1:

Street2:

* City:

County:

* State:

Province:

* Country: USA: UNITED STATES

* ZIP / Postal Code:

* Project/ Performance Site Congressional District:

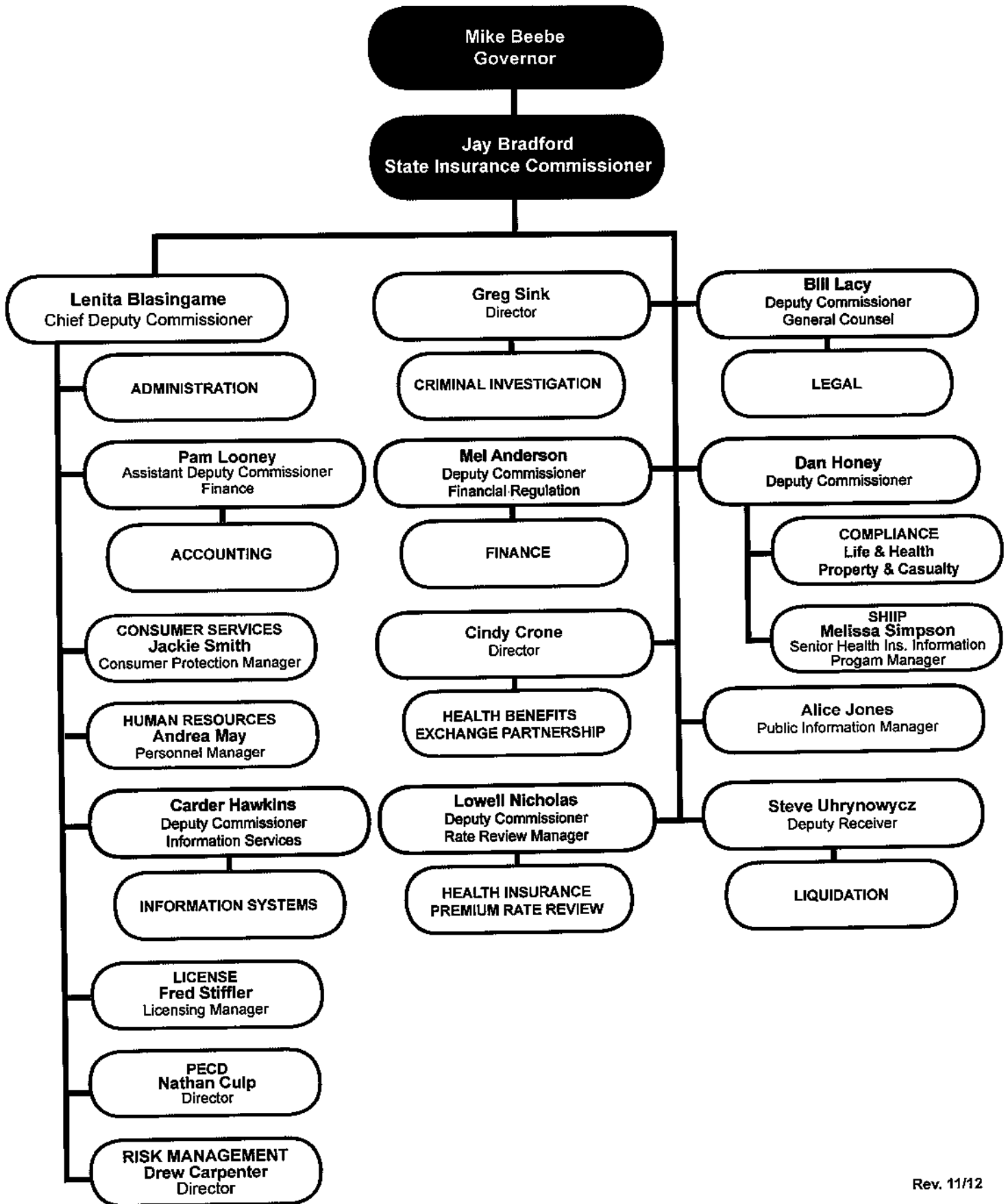
Additional Location(s)

Add Attachment

Delete Attachment

View Attachment

ARKANSAS INSURANCE DEPARTMENT
ORGANIZATIONAL CHART



Maintenance of Effort (MOE)

AID agrees to maintain current Healthcare Rate Review MOE@ \$14,500 annually. AID further agrees that Cycle III grant funds will be used only to enhance AID's existing rate review efforts and not as a substitute for existing funding for such efforts.

ATTACHMENT
Supporting Document
Description of Key Personnel

HIRRD Personnel (5)

Lowell Nicholas has served as Deputy Commissioner at the Arkansas Insurance Department (AID) since 2010 overseeing the Health Insurance Rate Review Division (HIRRD). He has a doctorate from the University of Tennessee and twenty years of experience in health care. This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HHS. This position relates to all program objectives.

Bob Alexander is a licensed attorney with twenty years of experience in healthcare insurance. He assists in carrying out all of the division's responsibilities. This position is responsible for overseeing the drafting all legislation, administrative bulletins, department policies; reviewing all documents created by rate review division for legal compliance; reviewing all federal laws and regulations for state compliance; monitoring all NAIC activity regarding rate reviews and representing the division at all legislative meetings, public meetings and association conferences.

Sandra McGrew is the current Public Information Officer for the Rate Review Division at the Arkansas Insurance Department (AID). McGrew oversees public relations activities for the division by developing and managing various communication projects including the division's website and department's social media platforms. Before coming to AID, McGrew served as spokesperson for the Arkansas Secretary of State's office where her responsibilities included composing and editing press releases, issuing public statements and managing other forms of communication on behalf of the Secretary of State. McGrew began her career as a journalist after graduating from Harding University with a B.A in electronic Media.

Kimberly McLemore is the Database Administrator. University of Arkansas at Little Rock BA Marketing 1994 Pulaski Tech College: Information System (did not complete) 1997 ICD- 9 CERIFICATION 1997 Charging Abstracting MCD/ARKids / CMS eligibility database knowledge Marketing Coordinator J.M Products. Provided budget and administrative direction to upper level management,. Developed Access database reports to help interpret questionnaires and surveys from marketing efforts. She works in SERFF and iRATE on a daily basis reviewing all filings and preparing and distributing within the HIRRD. This position will manage the internal AID RR database, including but not limited to, operation, input, processing queries, and maintenance.

Lesia Carter has a Bachelors degree in Business Administration from the University of Arkansas at Little Rock, an Associates degree of Science from Pulaski Technical College along with a Business Data Processing degree from Arkansas Valley Vocational Technical School. She was an office manager for various Medical facilities including a Geriatric clinic, an Optician and a Dentist. She has worked in the Medical field for 11 years with various responsibilities within the field not limited to health insurance and medical coverage.



STATE OF ARKANSAS
MIKE BEEBE
GOVERNOR

July 2, 2013

Gary Cohen, Director of CCHIO
Department of Health and Human Services
200 Independence Avenue, S.W
Hubert H. Humphrey Building
Washington, DC 20201

RE: Arkansas Insurance Department Application for Funding Under CFDA: 93.511,
Cycle III

Dear Mr. Cohen:

I am pleased to offer my strong support for the Arkansas Insurance Department (AID) as it applies for the \$3,134,794 funding opportunity under the United States Department of Health and Human Services (DHHS) *Grants to Support States in Health Insurance Rate Review - Cycle III* program. Such funding will further assist the AID in providing an effective rate review program that is transparent to the public, enrollees, and policy holders.

Through expanded legal authority for annual health-insurance-premium rate review and prior approval for rate increases, the AID will enhance consumer protection standards by preventing unreasonable, unjustified, and/or excessive rate increases. I support the continued enhancement of our state's rate review and approval process, which includes expanding filing requirements, reviewing rates before implementation, and allowing for a consumer input period. Enhanced oversight and transparency through this program will help provide accessible and affordable private health insurance to the public.

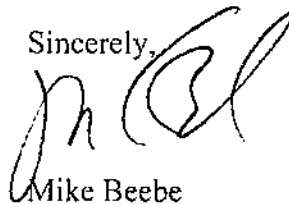
Under this Cycle III program, the enhanced infrastructure will increase the AID's ability to more effectively evaluate rate requests by continuing to collect, analyze, and report critical information about rate review decisions and trends to multiple constituencies, including DHHS and Arkansas consumers.

I endorse this plan to launch an effective outreach campaign to provide education about health-care costs to consumers and to enhance transparency of the rate review process. These outreach efforts will be critical to providing multiple stakeholders,

including insurance companies, business owners, health-care providers, consumers , and the public, with improved transparency, oversight, knowledge, and consumer protection.

I look forward to working with DHHS and the Arkansas Insurance Department to advance processes for consumer education and protection. Our collective future depends on our ability to work together for a common purpose, especially when it comes to the health of our citizens. Thank you for your serious consideration and if I can be of further assistance during the review process, please contact my office.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Beebe", with a stylized flourish at the end.

Mike Beebe

MB:jb

Work Plan – Cycle III

The two major components of the HIRRD Cycle III Work Plan are:

- 1) All Payers Claims Database (APCD)
- 2) Core Rate Review.

1) APCD

APCD (All Payers Claims Database) is large-scale database that systematically collects health care data from a variety of payer sources both public and private including, but not limited to, Medical claims, Pharmacy claims, Dental claims, Eligibility files, and Provider files. Typically APCDs are created by a state mandate, but could be multi-state based. Policymakers, consumers, researchers, providers, employers, Medicaid, and commercial payers all benefit from a functional APCD.

The work plan for the APCD is as follows:

- a) Solicit input and advice from applicable Arkansas stakeholders
- b) Define the purpose and mission of an Arkansas APCD
- c) Identify qualified APCD Vendors
- d) Develop and adopt a realistic governance model that aligns with state and stakeholder goals, capitalizes on available resources, and mitigates actual or apparent conflicts of interest.
- e) Prepare and submit a RFI (Request for Interest) to the qualified Vendors
- f) Determine:
 - Purposes of gathering data?
 - Who will be required to report data?
 - What data are required to be reported?
 - How will the data be submitted and processed?
 - When will the data be required to be submitted?
 - Who will house and analyze the data?
 - Who will have authority to access the data?
 - The technology infrastructure to be utilized
- g) Prepare and submit a RFP (Request for Proposal) to all qualified vendors
- h) Assemble a competent team to evaluate the vendor proposals on a timely basis
- i) Select the most qualified bidder
- j) Vendor acquisition and management - monitor to ensure contract deliverables
 - (a) Establish State of Arkansas APCD Policy:
 - Rule – making
 - Data release policy and process
 - Data Management and Analysis Support
 - i) Write and issue final regulations, including any additional data submission requirements and data release policies required.

- **Rule Making.** The process of rule-making relies on project management and legal representation. If rules for data collection for other state-mandated data systems (e.g., hospital discharge data systems) are in place, the rule-making process can mimic existing rules development processes and, to some extent, content.
- **Vendor acquisition and management.** The Request for Proposal (RFP) process can requires up to 3 months in Arkansas. To manage RFP drafting, development, bidder calls and questions, and release of the RFP are all integral tasks to be accomplished competently. Once the contract is in place, it must be monitored to ensure contract deliverables.
- **Data release policy and process.** States that develop data release policies to support the release and use of the APCD data should factor legal resources into the costs of APCD development. While the vendor may be responsible for the creation of the public use, limited use, and/or research files, the State of Arkansas will need to manage the release process through a Review Board.
- **Data Management and Analysis Support.** There will likely need to be some internal capacity to address analytic needs post data aggregation such as the linking of members and providers across payers, rolling up claims, and other processing to create analysis-ready files from aggregated data files.

APCD MILESTONES

- | | |
|--|-----------------|
| ▪ Receive input and advice from applicable Arkansas stakeholders | 10.30.13 |
| ▪ Define the purpose and mission of an Arkansas APCD | 10.30.13 |
| ▪ Identify qualified APCD Vendors | 10.30.13 |
| ▪ Adopt a governance model | 11.30.13 |
| ▪ Submit a RFI (Request for Interest) to the qualified Vendors | 11.30.13 |
| ▪ Prepare and submit a RFP (Request for Proposal) | 2.28.14 |
| ▪ Evaluate the vendor proposals on a timely basis | 4.30.14 |
| ▪ Select the most qualified bidder | 5.15.14 |
| ▪ Vendor management - monitor to ensure contract deliverables | 5.30.14-8.30.14 |
| ▪ Establish State of Arkansas APCD Policy: | 6.30.14 |
| ▪ Write and issue final regulations | 6.30.14 |

2. Core Rate Review

For purposes of this workplan, Core Rate Review shall consist of:

- a) iRATE,
- b) Outreach,
- c) Rate Review enhancement.

a) iRATE

iRATE (Insurance Rate Analysis and Tracking Engine) was released to all states and territories for implementation on June 1, 2013. While this version of iRATE will greatly improve the rate review process of any user, much is left to be done to fulfill iRATE's optimal potential.

iRATE is a unique and innovative application that automates and streamlines the rate filing review process, making it easier and faster to provide an effective rate review. iRATE is a web-based tool that presents data from SERFF (System for Electronic Rate and Form Filing) in a simpler way that is easy to understand. iRATE ensures that the most important data needed to complete a rate review is easily accessible at all times. In addition, iRATE includes a robust reporting system that helps insurance departments better track reviews and file them for future use. These capabilities and many others make iRATE the best application for performing a fast, effective and accurate rate review.

Phase III of iRATE development has recently begun. This phase will include modifications to enhance transparency between the AID and consumers in the state of Arkansas. Currently, the AID hosts a website to provide consumers with easy to understand information about the reasons for significant rate increases and post justification for the increase. By doing this, the AID expects to bring greater transparency, accountability and help moderate premium increases. Phase III will integrate information from previous phases into this website to provide even more automated information to the consumer. Phase III will include information from the Rating Table Template, Rating Rules Template, Service Area Template, Business Rules Template, and Rates Template. Additionally, this phase will begin the research and analysis of Plan Management for future incorporation into iRATE. The Plan Management feature promises to be a significant addition to the application and the necessary research will begin during this phase.

The iRATE work plan requires the following steps to be completed on the dates indicated below:

iRATE MILESTONES

- | | |
|---|--------------------|
| 1. Plan Management/QHP | March 31, 2014 |
| 2. Transparency Upgrades/Templates | December 31, 2013 |
| 3. Actuarial Value/Essential Health Benefit | September 30, 2014 |
| 4. Metrics/MLR | September 30, 2014 |
| 5. Actuarial Memorandum | June 30, 2014 |

b) Outreach

- To create a user friendly, robust, and attractive website that will generate widespread usage among Arkansas residents in regard to rate review.
- To develop a translation feature for Spanish speaking consumers.
- To execute an interagency agreement that will drive collaboration in educating and informing Arkansas residents about rate review.
- To collaborate with iRATE to automate the transference of relevant rate review information to the HIRRD website and provide unprecedented transparency for the consumer and all other stakeholders.

- To fully implement social media into the consumer outreach process
- To develop a consumer rate calculator for website
- To create a responsive design site for mobile devices
- To develop additional videos to continue educating stakeholders in a more engaging way
- To receive more search engine optimization or SEO recommendations to current and future pages.
- To develop and distribute appropriate educational print materials.
- To distribute pamphlets, booklets and handouts at various outreach events including but not limited to health fairs, business expos and educational events.
- To develop Spanish language materials
- To create major transparency (rate justification) and data simplification (understanding) of healthcare filings on a timely basis within the HIRRD website through automated iRATE

Outreach effectiveness will be easily measured by web traffic, amount of materials distributed during outreach events, e-alert sign-ups, consumer involvement such as comments and inquires and database searches.

OUTREACH MILESTONES

- Phase III of an optimal user friendly, robust, HIRRD website
11.1.13
- Translation feature for Spanish speaking consumers
11.30.13
- Interagency agreement to drive collaboration in educating and informing Arkansans
11.30.13
- Automation through iRATE to the HIRRD website, relevant rate review information providing unprecedented transparency for the consumer and all other stakeholders.
12.31.13
- Phase III implementation of social media into the consumer outreach process
12.31.13
- Development of a rate calculator for the HIRRD website
1.30.14
- Creation of a responsive design site for mobile devices
1.30.14
- Development of additional videos to educate stakeholders in a more engaging way
2.15.14
- Search engine optimization or SEO recommendations to current and future pages.
2.28.14
- Distribution of pamphlets, booklets and handouts at various outreach events including but not limited to health fairs, business expos and educational events.
4.1.14
- Creation of Spanish language materials
4.1.14

c) Rate Review enhancements

- a) Incorporate iRATE into the mainstream of the rate review process at the Arkansas Insurance Department;
- b) Expand legal authority for health rate review and approval or disapproval;
- b) Expand expertise for health rate reviews;
- c) Enhance technology and programmatic infrastructure to effectively collect, analyze, and report health insurance rate filings and outcomes to diverse stakeholders including the general public, health care insurers, health care providers, and policymakers including state legislators and the Department of Health and Human Services (DHHS) Secretary;
- d) Create a health insurance education, outreach, and training unit dedicated to information dissemination about health insurance rate approval processes and rate trends to diverse stakeholders including the general public and special consumer populations, policymakers, health insurers, health care providers, and the business community.
- e) Fully utilize the AID Insurance Rate Review Media Center for public and professional training, education, and information dissemination activities including, but not limited to, public hearings and media presentations. The AID Insurance Rate Review Media Center will serve as the “center” for rate review education and outreach efforts. Training methodologies will include classes, seminars, and interactive webinars or interactive video conferences augmented by PowerPoint presentations, course syllabi, video clips, and classes for healthcare professionals.
- f) Create an APCD which will collect, process, and produce optimal analytics of healthcare data, meeting or exceeding all applicable requirements contained within the ACA. Utilization of the proposed APCD would be very beneficial.

CORE RATE REVIEW MILESTONES

- Expand Arkansas legal authority for health rate review;
3.1.15
- Expand internal training and expertise for Arkansas health rate reviews;
2.1.14
- Complete revision of Arkansas Rate Review Manual
10.1.13
- Create Memorandum of Understanding with Arkansas Exchange defining collaborative duties and functions.
10.30.13
- Enhance technology and programmatic infrastructure;
2.28.14
- Incorporate iRATE into the mainstream of the Arkansas rate review process;
8.1.13
- Develop process to review large group rates
5.1.15

HIRRD BUDGET NARRATIVE

Cycle III

The Arkansas Insurance Department Rate Review grant application (CFDA 93.511 Cycle III) is being submitted for a two year period. The budget requests are as follows:

FY14	(10.1.13 through 9.30.14)	\$2,134,794*	(see attached budget page 6)
FY15	(10.1.14 through 9.30.15)	\$1,000,000	(see attached budget page 6)
		=====	
TOTAL		\$3,134,794*	

****The \$3,134,794 total AID RR application consists of:**

Baseline	(\$2,000,000)
Performance	(\$ 400,000)
Workload	(\$ 734,794)

**Of the total \$2,134,794 FY14 budget, \$1,944,622 or 91% is allocated to contracts during the first four quarters of Cycle III. (see page five – contractual)*

The AID RR two year budget contains first year **"front loading"** of \$2,134,794 for two very important reasons. First, the State of Arkansas urgently needs an All Payers Claim Database (APCD). Arkansas currently ranks in the bottom tier of all states regarding collection, analysis, and availability of healthcare data and pricing. This division believes that APCD benefits could begin to accrue within twelve months. To meet that target, substantial funds would have to be committed in the first six months of Cycle III. The applicant will carefully follow all aspects of Appendix F (Conflict of Interest Requirements) of the Cycle III FOA. (See Exhibit Four -APCD)

Second, the iRATE (Insurance Rate Analysis and Tracking Engine) was released to all states and territories for implementation on June 1, 2013. While this version of iRATE will greatly improve the rate review process of any user, much is left to be done to fulfill iRATE's optimal potential. iRATE was conceived in early 2011, and was subsequently designed, developed, and implemented using Cycle II funds. The Cycle II allocated funds for iRATE have been exhausted. The non-profit iRATE contractor, Arkansas Foundation for Medical Care (AFMC), has fulfilled all iRATE contractual obligations (Phase II) in a timely manner and in an exemplary fashion. (See Exhibit One - iRATE)

If AID RR is to be as successful with Cycle III as we have been with Cycle II implementation, then beginning with our Cycle III funding date (10.1.13), certain categories such as Data and Outreach need immediate implementation steps which require significant "front end" funds. It is also obvious from our narrative content how important we consider Data and Outreach to be our overall Cycle III strategy.

Data

The two major data related components requiring substantial funding in year one are:

1. APCD (All Payers Claims Database)
2. iRATE (Insurance Rate Analysis and Tracking Engine)

1. APCD (All Payers Claims Database) is large-scale database that systematically collects health care data from a variety of payer sources both public and private including, but not limited to, Medical claims, Pharmacy claims, Dental claims, Eligibility files, and Provider files. Typically APCDs are created by a state mandate, but could be multi-state based. Policymakers, consumers, researchers, providers, employers, Medicaid, and commercial payers all benefit from a functional APCD.

2. iRATE (Insurance Rate Analysis and Tracking Engine) is a unique and innovative application that automates and streamlines the rate filing review process, making it easier and faster to provide an effective rate review. iRATE is a web-based tool that presents data from SERFF (System for Electronic Rate and Form Filing) in a simpler way that is easy to understand. iRATE ensures that the most important data needed to complete a rate review is easily accessible at all times. In addition, iRATE includes a robust reporting system that helps insurance departments better track reviews and file them for future use. These capabilities and many others make iRATE the best application for performing a fast, effective and accurate rate review.

Phase III of iRATE development has recently begun. This phase will include modifications to enhance transparency between the AID and consumers in the state of Arkansas. Currently, the AID hosts a website to provide consumers with easy to understand information about the reasons for significant rate increases and post justification for the increase. By doing this, the AID expects to bring greater transparency, accountability and help moderate premium increases. Phase III will integrate information from previous phases into this website to provide even more automated information to the consumer. Phase III will include information from the Rating Table Template, Rating Rules Template, Service Area Template, Business Rules Template, and Rates Template. Additionally, this phase will begin the research and analysis of Plan Management for future incorporation into iRATE. The Plan Management feature promises to be a significant addition to the application and the necessary research will begin during this phase.

Outreach

- A. To continue upgrading and improving in order to create a user friendly, robust, and attractive website that will generate widespread usage among Arkansas residents in regard to rate review.
- B. To execute an interagency agreement that will drive collaboration in educating and informing Arkansas residents about rate review.

A. Salaries & Wages:

Personnel

<u>Position Title and Name</u>	<u>Annual</u>		<u>Months</u>	<u>Amount Requested</u>
Deputy Commissioner Dr. Lowell Nicholas	\$94,365	100%	12 months	\$94,365
Compliance Officer Bob Alexander	\$67,071	100%	12 months	\$67,071
Public Information Officer Sandra McGrew	\$55,156	100%	12 months	\$55,156
Administrative Assistant Lesia Carter	\$37,332	100%	12 months	\$37,322
Database Administrator Kimberly McLemore	\$45,377	100%	12 months	\$45,377
	=====			=====
TOTAL	\$299,301			\$299,301

Job Description: Deputy Commissioner- Dr. Lowell Nicholas

This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HHS. This position relates to all program objectives.

Job Description: Compliance Officer - Bob Alexander

This position is responsible for overseeing the drafting all legislation, administrative bulletins, department policies; reviewing all documents created by rate review division for legal compliance; reviewing all federal laws and regulations for state compliance; monitoring all NAIC activity regarding rate reviews and representing the division at all legislative meetings, public meetings and association conferences. This position relates to all program objectives.

Job description: Public Information Officer- Sandra McGrew

This position oversees the consumer outreach program including public relations activities; planning, development, administration and distribution of educational and training material. The Public Service Officer will present the outreach programs to civic groups, governmental agencies, and all other interested parties. The PSO will also be responsible for the division's webpage, advertisement content and all printed material used in the outreach program.

Job description: Insurance Administrative Coordinator- Lesia Carter

This position is responsible for coordinating all office activities, preparing all reports, reviewing office procedures in light of division goals and objectives, compiling financial information to assist staff in preparing grant reports and budget proposals and monitoring expenditures. Individual will maintain leave calendars, appointment calendars and travel schedules.

Job description: Database Administrator – Kimberly McLemore

This position manages the internal AID RR database, including but not limited to, operation, input, processing queries, and maintenance.

B. Fringe Benefits → salary + 22.74% + \$4920 health insurance

Deputy Commissioner Dr. Lowell Nicholas	\$94,365	\$115,824	\$120,724
Compliance Officer Bob Alexander	\$67,071	\$82,323	\$87,223
Public Information Officer Sandra McGrew	\$55,156	\$67,698	\$72,618
Administrative Assistant Lesia Carter	\$37,332	\$45,821	\$50,721
Database Administrator Kimberly McLemore	\$45,377	\$55,696	\$60,596
	=====	=====	=====
TOTAL	\$299,301	\$367,362	\$391,962

C. Consultant Costs:

At this time, no consultant utilization is contemplated. If a consultant function becomes necessary in the future, HIRRD will submit to HHS all the required information for each consultant hiring, including but not limited to: Name of Consultant; Organizational Affiliation (if applicable); Nature of Services to be Rendered; Relevance of Service to the Project; The Number of Days of Consultation (basis for fee); The Expected Rate of Compensation (travel, per diem, other related expenses), and total budget justification.

D. Equipment:

FY14-\$23,750 [Thin clients, laptop computers, monitors, printers, phones, calculators]
FY15 - \$ 0 (There is no Cycle III funding requested for equipment in FY15).

E. Supplies:

FY14-\$16,356 [IT, toner cartridges, data processing, paper, binders, pens, printing]
FY15 - \$ 0 (There is no Cycle III funding requested for supplies in FY15).

F. Travel:

FY14 - \$ 0 (There is no funding for travel requested in the Cycle III application).
FY15 - \$ 0 (There is no funding for travel requested in the Cycle III application).

G. Other: [See Appendix A for more detailed information]

FY14

Advertising	\$9,000	Furniture	\$4,800
Printing / Postage	\$8,326	Promotion	\$11,000
Rent	n/a	Staff Development	\$4,350
Subscriptions/Webinar/Seminar	\$6,400	Telecommunication	\$4,200
Training	\$6,200	TOTAL	\$54,276

FY15

Advertising	\$2,000	Printing / Postage	\$4,000
Promotion	\$2,000	Rent	\$24,000
Staff Development	\$8,000	Subscriptions/Webinar/Seminar	\$6,000
Telecommunications	\$7,200	Training	\$7,225
	TOTAL		\$60,425

H. Contractual Costs:

FY14

Given the specialized nature of the proposed contractual needs of Data, IT, and rate review enhancements, \$1,944,622 is allocated to contracts in the first four quarters of Cycle III FY14. This is 91% of the total budget of FY14 (\$2,134,794). The allocations of FY14 contracting are:

- a) \$ 175,000 - actuarial funding (new)
- b) \$ 64,700 – IT development (new)
- c) \$ 75,000 – Outreach & website development (new)
- d) \$ 526,674 – iRATE (Phase III AFMC)
- e) \$1,103,258 – APCD (new)

FY15

\$ 553,946 is allocated to contracts in the first four quarters of Cycle III FY15. This is 55% of the total budget of FY15 (\$1,000,000). The allocations of FY15 contracting are:

- f) \$ 47,613 - actuarial funding (new)
- g) \$ 500,000 – APCD (new)

I. Total Direct Costs:

FY14 - \$2,134,794
FY15 - \$1,000,000
Total - \$3,134,794

J. Indirect Costs:

FY14 - \$ 0
FY15 - \$ 0
Total - \$ 0

FY14 (10.1.13 - 9.30.14) [Overlaps FY14 Cycle II]

	Core Rate Review	IT / Data	Outreach	Legal	Total
Personnel	---	---	--	--	---
Fringe Benefits	---	--	--	--	---
Travel	--	---	--	--	--
Equipment	4,300	19,450	--	--	23,750
Supplies	7,556	8,800	--	--	16,356
Contractual (1)	175,000	64,700	75,000	--	314,700
IRATE (2)	--	526,674	--	--	526,674
APCD (3)	--	1,199,038	--	--	1,199,038
*Other	34,276	---	20,000	--	54,276
	--	--	--	--	--
Total	221,132	1,818,652	95,000	--	2,134,794

Other (FY 14)

Advertising	\$9,000	Furniture	\$4,800
Printing / Postage	\$8,326	Promotion	\$11,000
Rent	n/a	Staff Development	\$4,350
Subscriptions/Webinar/Seminar	\$6,400	Telecommunication	\$4,200
Training	\$6,200	TOTAL	\$54,276

FY15 (10.1.14 - 9.30.15)

	Core Rate Review	IT / Data	Outreach	Legal	Total
Personnel	299,301	---	--	--	299,301
Fringe Benefits	92,661	--	--	--	92,661
Travel	--	--	--	--	--
Equipment	--	--	--	--	--
Supplies	--	--	--	--	--
Contractual (1)	47,613	--	--	--	47,613
	--	--	--	--	--
APCD (3)	--	500,000	--	--	500,000
*Other	45,200	--	15,225	--	60,425
	--	--	--	--	--
Total	484,775	500,000	15,225	--	1,000,000

Other (FY 15)

Advertising	\$2,000	Printing / Postage	\$4,000
Promotion	\$2,000	Rent	\$24,000
Staff Development	\$8,000	Subscriptions/Webinar/Seminar	\$6,000
Telecommunications	\$7,200	Training	\$7,225
		TOTAL	\$60,425

Cycle III Project Narrative

The State of Arkansas is the 32nd largest state with a population of 2,949,913 with residents in 75 counties. 48% of the state population resides in rural areas. Caucasians make up 74% of the state population while African-Americans comprise 16% of the state population. The state per capita income is \$21,832.

The Arkansas Insurance Department (AID) has primary regulatory authority over commercial health insurance carriers within the State of Arkansas. The Medicaid program in Arkansas (26% of Arkansans) is administered through the state's Department of Human Services (DHS). Self-insured employer health plans (25% of Arkansans) and Medicare (18% of Arkansans) are regulated by the federal government. Although AID does not regulate self-funded employer health plans in Arkansas, it does regulate the stop-loss (excess loss) policies. Individual, small group plans, and Health Maintenance Organizations (HMOs) are all regulated by AID.

In 2012, there were only three health insurers in Arkansas with more than a 5-percent share in the individual insurance market as well as in the small group market. Based on enrollment figures (number of covered lives, including dependents), the share of the largest insurer in the individual market was 78.8 percent, while the share of the largest insurer in the small group market was 56 percent.

Grant History. The Arkansas Health Insurance Rate Review Division (HIRRD) applied for and received funding under Cycle I and Cycle II. On August 16, 2010, U.S. Department of Health and Human Services announced a one year Cycle I award of \$1 million to the Arkansas Insurance Department (AID) to enhance current processes for reviewing health insurance premium increases. The result of this award was the creation of the Health Insurance Rate Review Division (HIRRD), within AID. On September 20, 2011, a Cycle II grant award was made to AID HIRRD in the amount of \$3,874,098. This was the fifteenth largest dollar amount awarded to any state in Cycle II funding, and only one of two states to receive a \$500,000 grant for 'data enhancement'. HIRRD used this \$500,000 grant component to design and begin development of iRATE (Insurance Rate Analysis and Tracking Engine). On July 1, 2011, Steve Larsen, CCIIO Director, officially notified Commissioner Jay Bradford that the AID had met the applicable criteria and had been designated an 'Effective Rate Review Program' in all markets.

HIRRD's Cycle III Goals:

1. To enhance a meaningful and comprehensive effective rate review program that is accurate, timely, and transparent to the public, enrollees, policyholders and to the Secretary, and under which rate filings are thoroughly evaluated and, to the extent permitted by applicable State law, approved or disapproved;
2. To develop an infrastructure to effectively collect, analyze, and report to the Secretary and the Arkansas Exchange (Federal Facilitated Marketplace) critical data/information about rate review decisions and trends, including, to the extent permitted by applicable State law, the approval and disapproval of proposed rate increases.

Section (a), Eligibility

As required in the Cycle III FOA, the Arkansas HIRRD identifies the following criteria as evidence of its Eligibility in applying for a Cycle III grant award in the total amount of \$3,134,794.

1. Activity specific requirements

The State of Arkansas has an Effective Rate Review Program and will maintain that status by implementing new rate review processes consistent with amendments to 45 CFR part 154 issued on February 27, 2013;

2. Cycle II funding status

The State of Arkansas received Cycle II funding and plans to establish an All Payers Claims Database (APCD) during Cycle III.

Section (b), Description of Current Rate Review Processes

Arkansas Rate Review Processes

A health insurance issuer submits all required Arkansas filings through SERFF. Once submitted, all filings are received by AID administrative staff and sent to the appropriate compliance officer. The life and health compliance officer (reviewer) is assigned small group and individual health insurance filings, which this manual addresses. Once assigned, the reviewer will enter the filing into a preliminary tracking tool. This tracking tool is to ensure all filings are accounted for and to manage calendars. The main tracking (what's happening on a day-to-day basis) will be monitored through the SERFF system.

An issuer must also submit the Rate Filing Justification to CMS for small group and individual health insurance filings for all rate increases regardless of the amount of the increase. The justification is filed through the Health Insurance Oversight System (HIOS). The requirements are defined in Federal Regulation 45 C.F.R. § 154.215. CMS issued a final rule under the rate review regulation for this threshold (45 C.F.R. § 154.200).

Arkansas will receive email notifications for all rate increases reported in the HIOS. This notification will be automatically generated and sent to AID staff as defined in the HIOS under the State General Info page. As the filing was already filed through SERFF, the reviewer will note in the Excel log that the notification from HIOS was received. The Arkansas reviewer should notify CMS of any applicable rate increases filed in the State and not reported by issuers in HIOS.

Initial Review. The reviewer will do a preliminary check of the contents of the filings. This check is to verify the filer has included all data required by AID bulletins along with rate sheets/methodology. An Excel checklist will be utilized to ensure issuer has submitted all information required by Arkansas regulations and bulletins. Checklists differ for new versus renewal business. If any omissions are found, the reviewer will submit an objection letter to the issuer via SERFF. The reviewer should give a respond-by date that takes into consideration the complexity of the requested changes, the filing date and the date the rates will be implemented:

- ❖ Missing SERFF data from the General or Rate/Rule Schedule tab or missing actuarial certification—2 days to 1 week response time
- ❖ Missing data from Rate Filing Justification requirements or missing data prescribed by bulletins—1 week response time

These response times should be shortened if the filing submission date is greater than 30 days old or the implementation date is within 60 days. Other factors may affect the allowed response time as well—complexity of request, vacation schedules, etc.

With any objection, a statement regarding required complete filings and Ark. Code Ann. § 23-79-109(1)-(5) should be included. This statement should make it clear that the rate review period will not begin until the filing is complete as determined by the reviewer and that the review period can be increased an additional 30 days. Also, it is suggested to put in a statement such as, "If your response to this objection or a request for an extension is not received by the respond-by date, your filing will be Disapproved or deemed Unreasonable, as applicable".

The reviewer will do a secondary check that should determine if enough detail is given in the filing to verify trends, loss ratios and all changes the issuer is requesting. This includes premiums, claims, trend, rates and changes from previous filed rates.

The reviewer will look at the contents of the filing to verify that all changes are documented and information in Parts I, II and III are given. This check will also include verification that all data is included to calculate a rate and the total annual increase (including trending and any other factor changes). The checklists should be used. An objection requesting any missing data or clarification of data should be submitted to the issuer with a response time of one week.

If the basic and secondary reviews have been deemed complete, and the issuer has responded to all the reviewer's objections in a timely manner, an advanced review should be done. An advanced review may be omitted and the filing expedited under the following circumstances:

- ❖ The filing has a small number of Arkansas policyholders (under 50) and

- ❖ The rate increases are small (under 5% annually) and
- ❖ No other changes are made (benefit relativities, area factors, demographic tables, etc.)
- ❖ A defensible determination can be made to the issuer and the Commissioner, either:
 - Disapproval or approval, as applicable:
 - Unreasonable or not unreasonable, as applicable.

Factors to be Considered in Reviewing Rate Filings

Factors considered in a rate filing are discussed in detail in the following sections. Responses to objections in this section may take longer due to the data requested. Often a one- to two-week response by date is required.

New Business. New business requires different and additional checks. New business includes new blocks of business for an existing issuer (generally for Individual or Association coverage only), an existing issuer offering either Individual or Small Group coverage for the first time, or a new issuer wishing to offer coverage in Arkansas for the first time.

New business checks should include review of all basic information as outlined previously plus appropriate checks for new products. Advanced checks should include proposed trend and target loss ratios, including lifetime loss ratios for underwritten individual business (as appropriate). Information regarding the basis for pricing assumptions should be included. The following are generally considered actuarially sound pricing bases:

- ❖ Nationwide experience for proposed product appropriately adjusted for Arkansas specific characteristics.
- ❖ Current experience on any similar existing Arkansas product.
- ❖ Rates developed using a large existing consultant database or current nationwide studies (Milliman Healthcost Database, national trend studies, etc.) appropriately adjusted for Arkansas specific characteristics.

For existing issuers filing a new product, a preliminary check against current products for reasonableness should be done. In other words, an examination of whether the new products are priced consistently with the current blocks of business. Additional information should be requested if there are inconsistencies that are not addressed by the filing.

New issuers coming into the Arkansas market (or current issuers offering new lines of business) should go through a financial examination as required by Ark. Code Ann. § 23-61-201. After examination, the basic and advanced checks should be done as stated above. When all objections have been answered, an outside actuarial review is recommended. The Commissioner should be informed of the examination's financial audit on the issuer (reserves, surplus, reinsurance etc.), actuarial recommendations and reviewer's assessment before rendering a decision.

Disposition of the Filing When the filing is considered complete by the reviewer, AID will post on its website the Unified Rate Review Template (Part I), written description justifying the Rate Increase (Part II), and Rate Filing Justification (Part III)—Public version. The first two items are also available on the healthcare.gov website.

Parts I, II and III should be pulled directly from SERFF. Manual entry or a program can be used to pull in the appropriate data for a summary from the SERFF general information and rate/rule schedule tab. All items will be downloaded onto the AID website. Consumers will then have 30 days to comment about the rate changes either by mail, email or telephone.

Appropriate comments submitted by consumers regarding rate filings will be posted on the AID website and made part of the rate filing. After the evaluation of the filing is complete, the issuer has responded to all objections and questions and consumer input has been incorporated, a final disposition will be recommended to the Commissioner. A summary should be developed for the Commissioner with information necessary for the Commissioner to make an informed decision. For any filing that exceeds the subject to review threshold, the CMS summary required in 45 C.F.R. § 154.210(b) (2) should also be included. The reviewer should make a note on the preliminary tracking sheet of the date the filing was sent to the Commissioner for review.

- ❖ After assessments and discussions with the filing carrier, if the reviewer is still not convinced of the filing's merits, the reviewer should request that the filing be Disapproved or considered Unreasonable, as applicable.
- ❖ If the reviewer believes the increase appears to be considered not unreasonable:
 - If the increase is under the "subject to review" threshold, the summary information should be sent to the Commissioner, along with the reviewer's (and actuaries', if applicable) suggested action.
 - If the increase is over the "subject to review" threshold, a thorough, written description of the filing, as required to be submitted to CMS, along with the summary information, should be sent to the Commissioner. The reviewer's suggestion to approve as well as any analysis done by the reviewer or outside actuaries should also be sent.
- ❖ If the reviewer believes that negotiations for a lower increase are appropriate, summary information and additional information should be supplied to the Commissioner. An analysis (from the reviewer and/or actuary) should be developed to show the increase requested versus what the reviewer/actuary considers appropriate. A write-up describing any other factors to aid in the decision making or to help the Commissioner in any further negotiations should also be completed. This should include: past increases, loss ratio history, consumer complaints/input, impact on the market, competitive information (if available) along with any actuarial write-up that was done.

The Commissioner may also review other aspects of the rate change that are not actuarial in nature, such as:

- ❖ Effect on the policyholders
- ❖ Effect on the issuer's solvency
- ❖ Consumer Input
- ❖ Competition in the market place
- ❖ Any other factor the Commissioner deems practical

The Commissioner should rely on others to gather any information s/he considers necessary—finance, accounting, consumer advocates, competitive practices, etc. The Commissioner will be given the filing date, implementation date, the date the filing was deemed complete (last objection answered) and the deemer date (60 days after complete filing received). For non-negotiated determinations, the Commissioner shall render the final determination at least one week before the deemer date. If the Commissioner decides to negotiate a different change from the one proposed, an objection with the AID's proposed premium changes should be written up and submitted in SERFF. The Commissioner should allow more time (2-3 weeks) before the deemer date to allow for the negotiations. The Commissioner will be kept informed by the reviewer of the issuer's responses to the Commissioner's request. The Commissioner may also communicate directly with the issuer as he/she sees fit.

However, the reviewer will request that the issuer submit all final rates through SERFF. These are only suggested courses of action. The Commissioner has the final authority on all rate filing dispositions.

Section (b²), Description of how Rate Review grant funds enhanced the state's current authority and/or process for reviewing and disclosing rates

Cycle I and II Rate Review grant funds awarded to the Arkansas HIRRD have provided enormous benefits and enhancements to Arkansas' current authority and rate review process.

Cycle I Benefits & Enhancements

1. AID was able to hire additional rate review staff including a Deputy Commissioner, Managing Attorney and Public Information Officer.
2. The rate review section moved into new office space, fully equipped.

3. IT capacity was expanded with the enhancements to SERFF and SERFF filing of rates became mandatory through SERFF.
4. Outreach program was initiated with the first round of consumer meetings that were used to gather information in order to properly plan a comprehensive outreach program.
5. A professional services contract was awarded to AON/Hewitt for a complete review of existing rate review procedures and for recommendations on how to improve the process to meet the goals stated therein.
6. AID expanded its ability to more thoroughly review rate filings in the individual market by releasing Bulletin 6-2001.
7. AID expanded its authority in the rate review filing for small group policies by releasing Bulletin 7-2011.
8. AID completed the bid process for the media center equipment and related services.
9. Rate Review held its first meeting for its Advisory Council that will assist with implementing the outreach program.
10. Posted the initial Rate Review webpage on the AID website.
11. Rate Review educational material entitled "Rate Review Primer 101" released for comments.

Cycle II Benefits & Enhancements

National. These HIRRD funded activities were not only beneficial to the Arkansas HIRRD but have been, and will be very beneficial to many states and territories. The national impact of AID HIRRD has been significant. Arkansas HIRRD was the only state to:

- Create and host the very first national rate review meeting in its RR Media center which exceeded all expectations (Arkansas is the only state to build a RR Media Center),
- Create and implement the first national rate review communications platform (RR Listserv)
- Create, develop, and implement iRATE (Insurance Rate Analysis and Tracking Engine), a “ground breaking” and automated SERFF Data Extraction/Retrieval and analytics application. iRATE is a new application that automates and streamlines the rate filing review process, making it easier and faster to provide an effective rate review. iRATE is a web-based tool that presents data from SERFF (System for Electronic Rate and Form Filing) in a simpler way that is easy to understand. iRATE ensures that the most important data needed to complete a rate review is easily accessible at all times. In addition, iRATE includes a robust reporting system that helps insurance departments better track reviews and file them for future use. These capabilities and many others make iRATE the best application for performing a fast, effective and accurate rate review. iRATE was released for distribution on June 1, 2013. An iRATE webinar was held on June 24, 2013 to demonstrate the use and capabilities of iRATE accompanied with a comprehensive user manual.
- Produce a national webinar to demonstrate and implement the full capabilities and use of iRATE.

State. On a state level, Cycle I and II Rate Review grant funds awarded to the Arkansas HIRRD have provided enormous benefits and enhancements to Arkansas’ current authority and rate review process. Including, but not limited to:

- Arkansas designated as an “Effective Rate Review Program” in all markets, July 1, 2011 and has maintained that designation throughout 2013.
- Evaluation, assessment and technical analysis of Arkansas Rate Review Process by a reputable national consulting firm (AON Hewitt - Phase I).
- Development of detailed recommendations for creating an optimal rate review process in Arkansas by utilizing the Phase I report (AON Hewitt - Phase II).
- Creation of detailed and comprehensive rate review manuals, job aids, and checklists.

- Comprehensive on-site training programs for Life & Health Division as well as the Rate Review Division regarding:
 - Rate Review Training & Rate Review reporting requirements
 - SERFF
 - HIOS
 - iRATE
 - Unified Rate Review Template
 - Medical loss ratio
 - Arkansas healthcare costs and marketplace
 - CMS/CCIIO rules & regulations
 - Grant Solutions
 - Health insurance market rules
- Revision of all department manuals to incorporate ACA rules and regulations
- HIRRD has contracted for the creation of a simplified Medical Loss Ratio (MLR) “tracker” which will enable AID to have ‘real time’ measurement (desk top audit) for this important ratio without the complexity or expense of a full blown audit.
- Creation and implementation the ‘Rate Review Media Center’
- Creation and launch of new HIRRD website within the AID website
- Comprehensive program for healthcare premium education of Arkansas Consumers
- Production of an Arkansas health insurance “cost and market place study”
- iRATE. (Insurance Rate Analysis and Tracking Engine) iRATE was conceived in early 2011, and was subsequently designed, developed, and implemented using Cycle II funds.
- Funded and initiated substantial actuarial services that could not be funded through the AID Life & Health operating budget.
 - Engaged Lewis & Ellis Actuaries and Consultants, Inc. (L&E) to review AID’s first two small group rate filings. AID had never reviewed a small group rate filing before and needed the review of filings for compliance with AID Bulletin 7-2011.
 - Engaged L&E to create a ‘Summary Worksheet’ as well as a one-page “short form” actuarial checklist for all future rate requests.
 - Engaged L&E to review existing AID bulletin on ‘Small Group’ Rate Filings and made necessary changes to the bulletin so that the Department’s review would meet all requirements of an ‘Effective Rate Review Program’.
 - Engaged L&E to review the two individual rate filings that covered the largest number of individuals. The review helped the Department in reducing the amount to the increases. These filings were the Blue Cross open block of business and the Blue Cross closed block of business.
 - Engaged INS Consultants, Inc. to review L&H’s form filing procedures and make recommendations to our procedures so that the Department will be better positioned for implementation of the Affordable Care Act.
 - Engaged INS to produce a comprehensive training manual that will be used to train our staff for future form filing reviews.
 - Engaged L&E to review first ACA filing product which will be sold off the exchange on or after October 1, 2013 for effective date of January 1, 2014

Section (b)³, Description of how Rate Review grant funds enhanced the state’s current authority and/or process for reviewing and disclosing rates

1. Current level of resources and capacity for AID review of health insurance rates:

Information Technology (IT) and systems capacity.

The AID IT has developed a total support platform and strategic action plan for hosting iRATE and fully supporting SERFF. HIRRD will continue to fully utilize SERFF to Support Rate Review.

For QHP rate increases, the rate review process will follow existing rate review processes facilitated by HIRRD. SERFF will continue to be utilized as the technical solution to receive rate information and track the review process and final disposition. If the rate increases affect a large number of people, Compliance will have an actuary review, analyze and recommend as to whether the rate increase is reasonable or unreasonable. These rates are then reviewed by the Commissioner for approval. Additionally, while any rate increase is required to be reported for QHPs, all rate increases are also analyzed by the Health Insurance Premium Rate Review Division. The final approval or disapproval is processed by Compliance through SERFF.

Rate increases for QHPs are subject to the reporting and review requirements in 45 CFR 154.215 related to the submission of a Rate Filing Justification, inclusive of:

- An HHS standardized Unified Rate Review data template
- A Consumer Narrative Justification (for increases subject to the review threshold)
- An actuarial memorandum providing the reasoning and assumptions that support the data submitted in the data template and an actuarial attestation.

These documents can be found under 'Supporting Documentation' tab in the SERFF plan binders. The IT Division of AID uses virtual machine technology and provides direct support to AID regulatory staff in their development and day-to-day use of computer workstations and software. The IT Division also supports the public and industry use of AID online services provided through the AID website.

A database will include data downloaded from SERFF along with data entered by insurance companies. The initial phases of a robust SQL internal database has been developed and hosted on an AID server with application interfaces including remote interfaces using virtual machine technology and the SQL Server database management system.

The AID reviews and processes Arkansas SERFF filings remotely via a web browser interface. The AID Information Services Division provides the technical expertise for interface with SERFF, and SERFF filings can be downloaded to the AID electronically for online use or printing. These are reviewed in hard-copy format. All filings are manually logged within the Division of Life and Health as a backup.

a. A description of the extent to which current IT systems, such as the System for Electronic Rate and Form Filing (SERFF), support Arkansas' rate review process.

Arkansas health insurance companies must submit all 'life and health' insurance rate filings electronically using SERFF, a national insurance regulatory system. SERFF and its data are hosted in Kansas City, MO. The AID reviews and processes Arkansas SERFF filings remotely via a web browser interface. SERFF filings can be downloaded to the AID electronically for online use or printing. Publicly-releasable filing information is made available on the AID website.

In part, due to funding by state rate review grantees, SERFF has made remarkable progress regarding rate review support. SERFF introduced multiple fields to the SERFF application to collect data for reporting to HHS. These fields, found in the Rate Review Detail on the Rate/Rule Schedule, are required for all comprehensive major medical rate filings. AID RR staffers will be able to search using the following criteria: HHS disposition Status, Rate Review Detail, HHS Issuer ID, Trend factors, Benefit Change, and Change period. AID RR staffers will be able to export all fields found in the Rate Review Detail as well as HIPR Disposition Status and Company Rate Information- 'percent changed approved fields'. SERFF released new fields which included Health Insurance Premium Review fields - or HIPR fields.

SERFF introduced multiple fields to the SERFF application to collect data for reporting to HHS. These fields, found in the Rate Review Detail on the Rate/Rule Schedule, are required for all comprehensive major medical rate filings. AID RR staffers will be able to search using the following criteria: HHS disposition Status, Rate Review Detail, HHS Issuer ID, Trend factors, Benefit Change, and Change period.

Perhaps the most important single event, was the collaboration between SERFF and the HIRRD on the development of iRATE (Insurance Rate Analysis and Tracking Engine) (see Exhibit Two). iRATE has the potential to be the single greatest improvement on the state's ability to process and to review rates.

In addition to facilitating the processing and review of QHPs and Plan Management, the following have been incorporated inside SERFF:

Data Collection from Industry: The SERFF system has been enhanced to assist with collection of all parts of the industry Preliminary Justification for rate increases. Part I, the Rate Increase Summary Worksheet, is now collected as an attachment to a Submission Requirement. The SERFF system now parses this attachment into database fields to allow for search and export capabilities. Part II, the Written Explanation of Rate Increase, is now collected with the filing submission-which is Part III, Rate Filing Documentation. Finally, a Submission Requirement has been added to collect the Consumer Disclosure form. Companies will be expected to retrieve the Consumer Disclosure Form from the Health Insurance Oversight System (HIOS) and upload it to SERFF.

State Data Input: SERFF has been modified to allow the states to enter a Summary of Rate Review and/or a State Filing Summary.

Enhancements to HFAI: The Health Filing Access Interface (HFAI) has been enhanced to allow states to display the information above and to accept and process public comments on rate filings. States will have the option to make the Rate Increase Summary Worksheet, the Consumer Disclosure Form, the State Filing Summary, and the Summary of Rate Review available to the public as part of the HFAI system or via SERFF's existing public access. Additionally, HFAI and SERFF will be enhanced to support the collection of public comments via HFAI and to provide states an interface to manage the collection and posting of those comments from SERFF.

2. Current level of resources and capacity for reviewing health insurance rates:

Budget and Staffing

a. A description of the annual overall total budget and revenue for the Arkansas Insurance Department (AID).

The AID is a dedicated funding agency, meaning that AID derives none of its operating revenue from premium tax collections or general revenue. The agency is funded by fees and assessments imposed on entities regulated by the Department.

AID Receipts, Revenue Distribution and Expenditures

Fiscal Year 2011 Receipts

Insurance Department Trust Fund.....	\$ 19,769,986
Federal Funds	1,050,400
Premium & Other Taxes.....	156,495,607
Licenses, Permits and Fees.....	24,298,325
	\$201,614,318

Distribution of 2011 Revenues

General Revenue	\$ 97,225,146
Police & Firemen Pension Funds.....	48,955,842
Insurance Department Funds.....	55,433,330
	\$201,614,318

Fiscal Year 2011 Expenditures

Regulatory Services	\$ 10,556,400
---------------------------	----------------------

The AID annual operating budget was approximately \$12.5 million for 2012, 12.2 million for 2011, and approximately \$11.6 million for 2010. A total of \$201,614,318 was collected by AID in state fiscal year 2011, with \$156,495.607 million being premium taxes. All AID revenues, after AID legislatively approved budgeted operations, are always returned to the General Revenue Fund of the State of Arkansas as required by state law.

The revenues only include the funds collected by the Department and deposited into the Arkansas Insurance Department Trust Fund. The Department also collects funds that are deposited into the general revenue account for the State of Arkansas.

Funds directly allocated to health insurance rate reviews include the Health Insurance Rate Revision Division grant funds that are currently \$1,000,000 per year. Also, the Department directly funds two analyst positions with the Compliance Division of the Arkansas Insurance Department. That funding totals \$120,000 per year in salaries and benefits only. General overhead expenses for these two positions are difficult to ascertain. Overhead expenses would include equipment expenses, IT related expenses, and general office expenses. Due to the small size of the individual and small group markets in Arkansas, resource allocations are not broken down by market type.

AID OPERATING BUDGET

CATEGORIES	JULY 1, 2010 – JUNE 30, 2011	JULY 1, 2011 – JUNE 3, 2012	JULY 1, 2012 – JUNE 3, 2013
REGULAR SALARIES	6,576,583.00	7,036,153.00	6,970,493.00
EXTRA HELP	140,000.00	140,000.00	140,000.00
PERSONAL SERVICES MATCHING	1,947,646.00	2,068,197.00	2,225,750.00
OVERTIME	35,000.00	35,000.00	35,000.00
OPERATION EXPENSES	2,035,000.00	2,185,000.00	2,185,000.00
CONFERENCE & TRAVEL	138,000.00	138,000.00	138,000.00
PROFESSIONAL FEES	60,000.00	60,000.00	60,000.00
CAPITOL OUTLAY	160,000.00	155,000.00	155,000.00
DATA PROCESSING	150,000.00	--	--
SPECIAL MAINTENANCE	50,000.00	50,000.00	50,000.00
PROFESSIONAL SERVICES	386,000.00	386,000.00	486,000.00
TOTAL BUDGET	11,678,229.00	12,253,350.00	12,445,243.00

b. Budgetary breakdown for resources allocated to rate review for health insurance coverage in the individual and/or group markets.

It is difficult, if not impossible, to accurately segregate and calculate the direct and indirect rate review budget expenditures/requirements from the total AID budget. The AID resources and processes that can have a direct or indirect relationship with the rate review process will likely involve all of the following:

- a) Processing rate review requests
- b) Required research and analysis
- c) AID provision of required working space, equipment, and communications
- d) External Actuarial contracts (Utilized by both Finance & Rate Review)

c. Description of the qualifications (education and professional background) of each of the Insurance Department staff members responsible for rate review.

In the Arkansas Insurance Department, health insurance rates are reviewed by:

- HIRRD.
- AID Life and Health Division

HIRRD Personnel (5)

Lowell Nicholas has served as Deputy Commissioner at the Arkansas Insurance Department (AID) since 2010 overseeing the Health Insurance Rate Review Division (HIRRD). He has a doctorate from the University of Tennessee and twenty years of experience in health care. This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HHS. This position relates to all program objectives.

Bob Alexander is a licensed attorney with twenty years of experience in healthcare insurance. He assists in carrying out all of the division's responsibilities. This position is responsible for overseeing the drafting all legislation, administrative bulletins, department policies; reviewing all documents created by rate review division for legal compliance; reviewing all federal laws and regulations for state compliance; monitoring all NAIC activity regarding rate reviews and representing the division at all legislative meetings, public meetings and association conferences.

Sandra McGrew is the current Public Information Officer for the Rate Review Division at the Arkansas Insurance Department (AID). McGrew oversees public relations activities for the division by developing and managing various communication projects including the division's website and department's social media platforms. Before coming to AID, McGrew served as spokesperson for the Arkansas Secretary of State's office where her responsibilities included composing and editing press releases, issuing public statements and managing other forms of communication on behalf of the Secretary of State. McGrew began her career as a journalist after graduating from Harding University with a B.A in electronic Media.

Kimberly McLemore is the Database Administrator. University of Arkansas at Little Rock BA Marketing 1994 Pulaski Tech College: Information System (did not complete) 1997 ICD- 9 CERIFICATION 1997 Charging Abstracting MCD/ARKids / CMS eligibility database knowledge Marketing Coordinator J.M Products. Provided budget and administrative direction to upper level management,. Developed Access database reports to help interpret questionnaires and surveys from marketing efforts. She works in SERFF and iRATE on a daily basis reviewing all filings and preparing and distributing within the HIRRD. This position will manage the internal AID RR database, including but not limited to, operation, input, processing queries, and maintenance.

Lesia Carter has a Bachelors degree in Business Administration from the University of Arkansas at Little Rock, an Associates degree of Science from Pulaski Technical College along with a Business Data Processing degree from Arkansas Valley Vocational Technical School. She was an office manager for various Medical facilities including a Geriatric clinic, an Optician and a Dentist. She has worked in the Medical field for 11 years with various responsibilities within the field not limited to health insurance and medical coverage.

AID Life and Health Division (3)

Dan Honey is the Deputy Commissioner/Director of Life and Health. In addition to rate review, Mr. Honey also oversees the Seniors Health Insurance Information Program (SHIIP). -An attorney, Honey has served as deputy to the Arkansas State Treasurer, General Counsel for Arkansas Workers' Compensation Commission, Senior Counsel for Fortis Health (now Assurant Health) of Milwaukee, and Associate Counsel for the Centennial Life Insurance Company in Kansas City.

Rosalind Minor is the Life and Health Compliance Officer. She performs technical reviews and communications regarding rate approval/disapproval for those rates over which the AID has legal authority. A 23 year AID employee, Ms. Minor has also served as Senior Rate and Form Analyst, Rate and Form Analyst, and investigator in the Consumer Services Division.

Donna Lambert serves as Rosilind's deputy compliance officer.

C² To the extent that actuarial services are contracted, please provide the name of the company and description of the nature and scope of the contract service.

- 1) **Lewis and Ellis, Inc.**
2929 N Central Expressway Suite 200
Richardson, TX 75080
- 2) **AON Hewitt**
8182 Maryland Avenue,
Suite 1500
St. Louis MO 63105-3916
- 3) **INS**
419 S. 2nd Street
New Market, Suite 206
Philadelphia, PA 19147
- 4) **Milliman**
501 N Broadway, Suite 550
St. Louis, MO 63102

The scope of actuarial services for these firms have included, but were not limited to:

- Review for reasonableness and appropriateness
- Historical and projected loss ratios;
- Claim cost trend assumptions;
- Underwriting wear-off and anti-selection assumptions;
- Benefit reduction assumptions; Persistency assumptions;
- Other applicable items e.g. statistical credibility, effect on capital and surplus.

The work product will include sufficient analysis and procedures to form an opinion with respect to the overall reasonableness and appropriateness of the proposed benefit and rate revisions.

d. The total number of health insurance rate filings that are received for the individual and/or group markets (annually and/or monthly) and the average amount of time that is required to complete the review process.

In 2011, AID received approximately 326 rate filings. 44 were major medical with 26 rate filings being for individual products and 18 filings for small group products. For most filings the review was completed within the 30 day requirement. The average time for review of all filings was 10 business days.

For 2012, AID received approximately total 347 rate filings, the majority being for health products other than major medical. 30 were major medical filings with 18 being Individual Major Medical Rate Filings and 12 Small Group Major Medical rate filings. The average time for review of all filings was 10 business days. The exception being if an actuary is used. These rate filings could take several days, but nearly always less than 30 days.

Since Arkansas has not previously reviewed small group rates, there is no count on the group side. An uncomplicated rate filing that does not present any problems takes approximately three hours of review. Rate filings requiring repeated correspondence with the company could take several days of back and forth communication.

In the past, a major concern has been the lack of AID actuarial capacity for initial rate reviews. A company would file a rate for a new product, and include an actuarial certification that the rates are reasonable in relation to the benefits provided. Because AID lacked the staff time, expertise, or funding to question such company certification, it was generally AID's practice to take the company's certification at face value and approve the initial rate. It was not uncommon to have situations where a company will undercharge on a new product rate in order to be more competitive in the market. Then, after a few years' claims experience, the company will begin to lose money on that block of business because the claims are more than the premium revenue.

During this last year, HIRRD has been able to fund actuarial work on filings so that AID has a quicker and more accurate review. HIRRD has created a protocol with actuaries that produce accurate and timely reviews.

3. Consumer protections:

- a. The state's rate review processes, regulations, and statutes, as they relate to the final rule entitled, "Patient Protection and Affordable Care Act; Health Insurance Market Rules; Rate Review," 45 CFR part 154, as amended on February 27, 2013.**

Pursuant to Ark. Code Ann. §23-79-109(a)(1)(A), the Commissioner had prior approval authority over all individual health insurance rates. Pursuant to Ark. Code Ann. § 23-86-207, the Commissioner has review authority over all small group rates. Pursuant to Ark. Code Ann. §23-76-112(b)(1), the Commissioner has prior approval authority over all HMO rates in all markets. In order to fully comply with 45 CFR 154 and to maintain an "Effective Rate Review Program", the Commissioner has issued AID Bulletins 6-2011, 7A-2011 and 9-2013. These bulletins require all insurers to file the rate filing justifications as outlined in the Federal rule. In addition, these bulletins require all insurers that issue association business to comply with individual and small group filing requirements. More specifically, insurers must file the Uniform Rate Review Template for all non-grandfathered plans.

- b. Are rate filings publicly disclosed? Yes except the Commissioner cannot release to the public any actuarial formulas and assumptions when submitted with any required rate filings pursuant to Ark. Code Ann. §23-61-103 (Notwithstanding any other provision of law, active investigatory or examination files as maintained by the State Insurance Department shall be deemed confidential and privileged and shall not be made open to the public until:**

(A) The matter under investigation or examination is deemed closed by the commissioner; or (B) Referred to any law enforcement authority and made subject to public disclosure by the authority. (3) At such time that any matter investigated or examined has been set for an administrative hearing pursuant to 23-61-304 or 25-15-208, investigation or examination information shall be made available as provided in 25-15-208. (4) Unless otherwise exempted by subdivision (d)(5) of this section, actuarial formulas and assumptions certified by a qualified actuary are confidential and privileged when submitted to comply with a rate or form filing requirement of the department, including, but not limited to, any actuarial report: (A) Required, submitted, or attached to any filing made to the department under 23-67-211, for rate and form filings of an insurer, or to those submitted under 23-63-216 for annual statements of an insurer; or (B) Submitted to the department to comply with any form and rate filing requirement imposed by statute or rule upon licensed insurers, health maintenance organizations, fraternal benefit societies, and hospital and medical service corporations).

The mechanism for public access to rates and rate filings – On the AID HIRRD Website

Describe the state laws and regulations that govern disclosure and public access to rate filings and public access to the Insurance Department documents in general.

(See statute above) In AID Bulletins 6A-2011 and 7-2011 AID states that Parts I, II and III of the preliminary justification will be posted on the AID/HIRRD website.

In Bulletin 9-2013 AID states that Parts I, II and III will be posted on the CMS website. This was done because the new Part III is the actuarial memorandum and pursuant to Ark. Code Ann. Section 23-61-103(d)(4) is considered confidential and privileged.

c. Are summaries of rate changes offered in plain language for consumers? YES.

The written descriptions justifying the rate increases are required by the above referenced bulletins. For the AID plain language format, see Exhibit Four.

d. Discuss staff expertise that involves the ability to provide assistance and develop materials that are culturally and linguistically appropriate.

AID/HIRRD has limited expertise in this arena, but is engaged in planning that would increase AID/HIRRD's ability to communicate within diverse populations.

e. How much advanced notice is given to consumers prior to proposed rate changes?

30 days as specified in the above referenced bulletins.

Are consumers provided with official comment periods to review and comment on proposed rate changes?

Yes as specified in the above referenced bulletins.

f. What processes exist for public meetings and/or hearings on rate filings?

The Commissioner may hold a public meeting on rate filings pursuant to the general powers of the Commissioner found in Ark. Code Ann. §23-61-103. Pursuant to Ark. Code Ann. §23-61-303, the Commissioner may hold a hearing for any purpose within the scope of the Arkansas Insurance Code deemed by him or her to be necessary. Any person may request a hearing if he is affected by any action taken by the Commissioner including the approval of any rate increase pursuant to Ark. Code Ann. §23-61-303(b).

g. What rate review related information is available on the Insurance Department's website?

The Rate Review Division has its own website that educates Arkansans about the rate review process, encourages consumer involvement and provides basic information about health insurance and health care costs. The focus of the site is to present and explain this helpful and useful information in a clear and interesting way.

i. How has the Insurance Department organized and displayed the information in order to make it easily accessible to consumers and small businesses?

The website's goal is to provide helpful and useful information to consumers and small businesses. With that goal in mind, Rate Review created five main pages: A Consumer Guide page, a Review Process page which provides a graphic explaining how the rate review process works, a Recent and Current Rates page which displays tables with easily accessible rate filing information and a comment section, a FAQ page as well as a Rebates page with Medical Loss Ratio information. Rate Review also created a video which provides an overview of the rate review process, medical loss ratio and how premiums are determined by insurers in a more creative and active way. Consumers also have the ability to sign up for email notifications which is displayed at the top of each page.

ii. Has the Insurance Department utilized usability testing to enhance the accessibility of these online resources?

No, but plans are underway to do so.

h. Provide the number and summarize the nature of consumer inquiries and complaints related to health insurance rates that have been received for the past two plan years.

Eighteen complaints were lodged with our Consumer Service's Division regarding rate increases in the last two years.

4. Examination and Oversight:

a. Describe actions taken against insurance companies during the past years regarding health insurance rates.

Include in the description a discussion of the market share and the number of affected policyholders for the cited insurance company.

The Arkansas Insurance Department has not taken any administrative action against any insurers in the past several years regarding health insurance rates. Though the Commissioner has disapproved several rates or approved rates lower than requested, no insurer has asked for a hearing on their rate filings.

b. Describe formal agency (e.g., Department of Insurance) hearings held during the past year regarding health insurance rates.

NONE

Section (c). Plans to Enhance Rate Review

HIRRD goals continue to be to streamline, automate, simplify, and expedite the AID rate review process while providing accuracy, transparency, and “plain language” for the Arkansas consumer. These improvements would facilitate optimal delivery time and accuracy of critical information to the AID Commissioner. One of the most important goals would be to provide an optimal training system for current and future AID Life & Health ‘rate review’ employees.

HIRRD will continue to improve and upgrade its aggressive and innovative efforts to improve the infrastructure and accuracy of the AID rate review process. The continued development of iRATE will be the greatest contributing factor in enhancing AID HIRRD Rate Review process.

(See Exhibit TWO - ‘Insurance Rate Analysis and Tracking Engine’ (iRATE))

In April of 2012, HIRRD began discussions with the Arkansas Foundation for Medical Care (AFMC) to build a comprehensive ‘Data Center’ for ‘Health Insurance Rate Review’ that would combine health system data from all relevant sources to achieve these objectives:

- Protect consumers from unreasonable, unjustified and/or excessive rate increases;
- To enhance existing systems to enable us to capture required data, aggregate data, report critical;
- To review trends and rating practices in the individual as well as the small and large group health insurance market to help develop policy initiative and make recommendations aimed at ensuring health insurance rates charged within the state are fair and reasonable;
- Gain insight into Arkansas’s health insurance systems by identifying variations in insurance rates;
- Promote transparency across health insurance providers and reimbursement systems, and
- Guide development of new rate review models for considered implementation

After careful analysis and planning, the iRATE application was developed to meet the needs of the AID and the industry at large. Two phases of the project are complete thus far and a third phase is currently underway. Additional phases are planned over the next 2 years. As the industry changes, the need for modifications to the iRATE application exist, so HIRRD/AFMC will remain flexible to meet the needs of the industry.

Phase I began in August 2012, completed in February of 2013, and was the foundation for future phases. The primary focus with this phase was accessing and displaying large amounts of data available in SERFF. To access the data, AFMC needed the AID to grant access to use the SERFF API. This was granted and AFMC and AID worked together to present the data in a meaningful way to the user, performing calculations where needed. One of the bigger challenges within SERFF is to be able to compare filings.

With iRATE, the user is able to compare a filing with 1) other filings (with the same TOI and sub-TOI) from the same insurance company and 2) other filings (with the same TOI and sub-TOI) across the industry all on one screen. All relevant information is captured for the user to make this comparison. All filings can be searched using the enhanced search feature within the application.

The integration of an industry leading reporting engine was also included in Phase I. AFMC wanted to provide reports that were meaningful to users, but also give them flexibility to run, filter, and schedule reports as needed. When selecting a reporting engine, consideration needed to be given to allow the reporting feature to grow with each state as business needs change.

AFMC did not want to make user dependent on a 3rd party software company to design, code, and test a new solution that didn't fit in with the states' timeframe. Business Objects (BO) was the tool selected to address these needs. With BO, users can create their own reports and have them scheduled to run based on their needs. BO truly allows states to customize the information they want to see, when they want to see it.

Another feature included in the Phase I application was the ability to customize the application to fit the needs of the department.

Custom Lists were incorporated to allow each state to capture data not included in SERFF. Any data can be captured and each state can configure the Custom Lists using an easy-to-use Maintenance interface. Now, each state can customize and capture any data they need to comply with their departmental or state processes/procedures.

Originally, Phase II was to incorporate data from existing sources into iRATE. With CMS mandating the Unified Rate Review Template (URRT) in late 2012, Phase II shifted focus to include it into the application. Outside actuarial assistance was used to present the data in an effective manner and calculate fields to provide assistance to a reviewer. Charts were also included to highlight key information. Including the URRT was the largest piece of Phase II, but additional modifications were made to improve the user experience. Phase II development began on 2.12.2013, immediately after Phase I completed, and finished on 6.3.2013.

Phase III of development has recently begun. This phase will include modifications to enhance transparency between the AID and consumers in the state of Arkansas. Currently, the AID hosts a website to provide consumers with easy to understand information about the reasons for significant rate increases and post justification for the increase. By doing this, the AID expects to bring greater transparency, accountability and help moderate premium increases. Phase III will integrate information from previous phases into this website to provide even more automated information to the consumer. Phase III will include information from the Rating Table Template, Rating Rules Template, Service Area Template, Business Rules Template, and Rates Template. Additionally, this phase will begin the research and analysis of Plan Management for future incorporation into iRATE. The Plan Management feature promises to be a significant addition to the application and the necessary research will begin during this phase.

Strategy sessions have already started regarding the future of the iRATE application. Research and analysis of Plan Management will continue, but development and incorporation of Plan Management data into the application are planned throughout 2013 and into 2014. Improving the Transparency feature will be included in the 4th quarter of 2013, providing even more information to the consumer. Determining and calculating Actuarial Value and Essential Health Benefits will be another priority in the 2014 calendar year.

A key component to improving iRATE's benefit to insurance departments will be the enhanced use of metrics to aid reviewers in their analysis of a particular filing. Medical Loss Ratio (MLR) is an important piece of these metrics and will be included in 2014-2015. Standardizing and including the Actuarial Memorandum will be the main focus for the remainder of 2015. Working with the AID and actuarial consultant will be critical to creating a standardized document that will be uniform and useful for all insurance companies.

Medical Loss Ratio (MLR) is an important piece of these metrics and will be included in 2014-2015. Standardizing and including the Actuarial Memorandum will be the main focus for the remainder of 2015. Working with the AID and actuarial consultant will be critical to creating a standardized document that will be uniform and useful for all insurance companies.

AFMC will remain flexible as needs change. Past events have shown that changes in the industry necessitate a change in focus or direction with the application. With the changing marketplace, the need to provide states the ability to analyze and review rate changes is essential.

Working with each state to ensure they are protecting consumers is the main focus of iRATE. iRATE is, and will continue to be, the leading tool to perform effective rate review. AFMC will continue working with the AID to improve and enhance iRATE.

Other proposed (or continued) rate review enhancements:

- a) Expand legal authority for health rate review and approval or disapproval;
- b) Expand expertise for health rate reviews;
- c) Enhance technology and programmatic infrastructure to effectively collect, analyze, and report health insurance rate filings and outcomes to diverse stakeholders including the general public, health care insurers, health care providers, and policymakers including state legislators and the Department of Health and Human Services (DHHS) Secretary;
- d) Create a health insurance education, outreach, and training unit dedicated to information dissemination about health insurance rate approval processes and rate trends to diverse stakeholders including the general public and special consumer populations, policymakers, health insurers, health care providers, and the business community.
- e) Fully utilize the AID Insurance Rate Review Media Center for public and professional training, education, and information dissemination activities including, but not limited to, public hearings and media presentations. The AID Insurance Rate Review Media Center will serve as the “center” for rate review education and outreach efforts. Training methodologies will include classes, seminars, and interactive webinars or interactive video conferences augmented by PowerPoint presentations, course syllabi, video clips, and classes for healthcare professionals.
- f) Create a “state of the art” AID internal database which will collect, process, and produce optimal analytics of healthcare data, meeting or exceeding all applicable requirements contained within the ACA. Utilization of the proposed APCD would be very beneficial.

Section (d). Reporting to the Secretary on Rate Increase Patterns

The Arkansas HIRRD attests that it will comply with all reporting requirements outlined in section 2794. HIRRD will comply by collecting and analyzing relevant data from SERFF, HIOS, iRATE, Commercial Insurance Carriers, Third Party Administrators, State Employees Health Benefits, Medicaid, Medicare, CHIP, TRICARE, Pharmacy Benefit Managers, Dental Benefit Administrators, and services provided to the Arkansas uninsured.

Trend Factors (cost/utilization): HIRRD will report the source claims data used and methodology used for developing the cost and utilization projection factors, including all adjustments made to the data. HIRRD will explain why the adjusted source data is applicable to the single risk pool. Some examples of such adjustments include but are not limited to the following:

- Normalization for changes in age
- Normalization for benefit changes that occurred during the period (Even if allowed claims are used to project trend a normalization adjustment may be warranted to account for the influence that changes in benefits have on utilization.)
- Adjustments for seasonality patterns underlying the claims that may skew calculated trends
- Normalization for any one-time events which are not anticipated to reoccur during the projection period
- Adjustments for anticipated changes in provider contracts that differ from those underlying the experience used
- For prescription drugs, any adjustments made to account for changes in the formulary, expiration of patents, or introduction of new drugs

Changes in Demographics: HIRRD will report the development of factors used to adjust the experience period claims to reflect differences between the average mix of the population by age, gender, and region underlying the base period experience and the average mix anticipated to underlie the projection period.

Section (e). Recommendations to the Applicable Exchange on Insurer Participation

The Health Insurance Rate Review Division (HIRRD) of the Arkansas Insurance Department will provide the approved health insurance rates with all related and relevant data/information to all applicable parties, including CMS and the Arkansas Exchange (Federal Facilitated Marketplace).

- The filing requirements in 45 CFR 154.215 apply to all rate increases (change). In the prior version of the rule only rate increases over the threshold had to file the Preliminary Justifications.
- The other provisions relating to the review of rate increases still only applies to those over the threshold. CMS will only review filings that are over the threshold.
- The Insurance Commissioner for the State of Arkansas has prior approval authority for all exchange products as well as individual and small group products sold off the exchange. If the Commissioner determines that the proposed rates are excessive, unreasonable or discriminatory, those rates would be disapproved under Ark. Code Ann. Sections 23-79-110 or 23-86-207.
- Accordingly, there would not be need to make a recommendation to the exchange that a carrier has demonstrated a pattern or practice of excessive or unjustified rates since theoretically no such pattern could exist.

Section (f). Current status of Data Center (APCD) activities

The State of Arkansas urgently needs the benefits of an All-Payer Claims Database (APCD). Healthcare data and pricing in Arkansas is fragmented and difficult to obtain in a useable format or in a timely manner. In recent surveys and reports, the State of Arkansas consistently receives low scores such as the recent national report card on ‘State Price Transparency’ (Health Care Improvement Incentives Institute gave Arkansas a grade of “D”).

An APCD is a large-scale database that systematically collects health care claims data from a variety of payer sources. APCD systems collect data from the existing transaction systems in place to pay health care claims, thus leveraging data from within the insurance claims and reimbursement system.

APCDs are an emerging data source for multiple stakeholders to better understand health care costs, utilization, access, and quality. When APCD data is overlaid with clinical outcome measures and unduplicated enrollment data, it can show statewide variation in care, including whether evidence-based guidelines and best practice clinical standards are being followed and how they affect cost and quality. The data can also be analyzed to identify disparities in the coordination of health care between communities, counties, and regions.

The Arkansas Center for Health Improvement (ACHI), an independent health policy development unit, hosts what can be characterized as a limited (voluntary) multi-payer public and private payer claims database within the Arkansas Health Data Initiative (HDI) for analytics and health policy research. This legislatively authorized health data integration platform operates under Institutional Review Board approval and is compliant with the public health exception under HIPAA.

The HDI facilitates decision-making and policy discussions by providing access to existing data on health insurance coverage, employment, demographic profiles, health care access, health risk behaviors, and economic profiles for businesses by state and county. However, the HDI does not include the data or functionality required to support rate review, QHP quality reporting, APII provider reporting, or related utilities.

The Arkansas HIRRD has requested Cycle III funding for FY14 in the amount of \$1,199,038 and FY15 of \$500,000 for a total two year funding of \$1,699,038. This funding amount and the proposed APCD work plan was the result of extensive research into the fifteen states that have already finished significant phases of their implementation of APCDs. For a more comprehensive view of the State of Arkansas HIRRD proposed budget and work plan, see Exhibit One – APCD.

Section (g). Proposed Data Center Activities *For full explanation, see Exhibit One –APCD.*

Section (h). Commitment to Mentor States *Not applicable*

Section (i), Evaluation Plan *(See Work Plan for additional information)*

The Evaluation Plan for the Arkansas HIRRD for Cycle III will focus on 1) All Payers Claims Database (APCD) and 2) Rate Review.

1) All Payers Claims Database (APCD)

The Arkansas APCD would be funded for FY14 in the amount of \$1,199,038 and FY15 of \$500,000 for a total two year funding of \$1,699,038. HIRRD will measure its progress by completing the following key indicators:

- a) Solicit input and advice from applicable Arkansas stakeholders
- b) Define the purpose and mission of an Arkansas APCD
- c) Identify qualified APCD Vendors
- d) Develop and adopt a realistic governance model that aligns with state and stakeholder goals, capitalizes on available resources, and mitigates actual or apparent conflicts of interest.
- e) Prepare and submit a RFI (Request for Interest) to the qualified Vendors
- f) Determine:
 - Purposes of gathering data?
 - Who will be required to report data?
 - What data are required to be reported?
 - How will the data be submitted and processed?
 - When will the data be required to be submitted?
 - Who will house and analyze the data?
 - Who will have authority to access the data?
 - The technology infrastructure to be utilized
- g) Prepare and submit a RFP (Request for Proposal) to all qualified vendors
- h) Assemble a competent team to evaluate the vendor proposals on a timely basis
- i) Write and issue final regulations.

2) Rate Review

The largest project after the APCD and even greater importance to the HIRRD Rate Review process is the 'Insurance Rate Analysis and Tracking Engine' (iRATE). HIRRD will measure its progress by completing the following iRATE key indicators as scheduled below:

Plan Management/QHP	Actuarial Value/Essential Health Benefit
a) December 31, 2013	September 30, 2014
b) March 31, 2014	Metrics/MLR
	September 30, 2014
Transparency Upgrades/Templates	Actuarial Memorandum
December 31, 2013	June 30, 2014

Exhibit One

APCD

Overview

This is a formal proposal by the Rate Review Division (HIRRD) of the Arkansas Insurance Department (AID) to create and implement an All Payers Claims Database (APCD) for the State of Arkansas. AID research on an APCD began in late 2010. In 2011, HIRRD sponsored a state healthcare leadership meeting to gain support for an APCD in the State of Arkansas.

The Arkansas APCD would be funded for FY14 in the amount of \$1,199,038 and FY15 of \$500,000 for a total two year funding of \$1,699,038. The two year budget of \$1,699,038 should be viewed as very conservative when compared to other state APCD expenditures. Our research indicates that the likely vendor costs for the initial two-year development of a consolidated aggregation/analysis APCD in the State of Arkansas would vary from \$1.7 - \$2.2 million depending on certain variables. States with larger populations would expect higher costs. While the \$1,699,038 is a conservative number, HIRRD believes that it can learn from the prior missteps of other states.

The budget and work plan enclosed in this proposal are based on information gathered from fifteen states that are in various stages of an APCD implementation and from documents and white papers posted by the APCD Council. Additionally, extensive assistance was provided by Patrick Miller, MPH of the APCD Council. Several state vendor contract documents were reviewed including telephone interviews with several state contacts.

To gain maximum support within the State of Arkansas, a broad consensus of state leaders and agencies were contacted about the creation of an APCD within the State of Arkansas. These included, but were not limited to, the Governor's office, Department of Health, Department of Human Services, Office of Healthcare Technology, University of Arkansas Medical Sciences, and the Arkansas Center for Health Improvement.

Cautionary Note. At all times the HIRRD will report on a timely basis to HHS/CCIO, all activities of the APCD implementation and review of any related contracts or expenditures. This would include pre-selection of any contractor(s) who must fully comply with APPENDIX F (Conflict of Interest Requirements) of the Cycle III FOA. If desired, HIRRD will submit any proposed APCD related contracts in advance of award to HHS/CCIO for review.

Governance. One of the first issues that the State of Arkansas must determine is governance. States have adopted several approaches to governance of an APCD. Authority to establish a statewide APCD is often developed through legislation, which enables states to create specific data collection and release standards through the regulatory and rule-making process. Generally, authority for the APCD is granted to agencies with established responsible for insurance oversight, health policy development, and/or health data collection. In the State of Arkansas, this would be the HIRRD, as a division of the AID.

The only current effort in the State of Arkansas is a very limited endeavor by Arkansas Health Data Initiative (HDI) which is a voluntary payer claims database for analytics and health policy research. This is an Arkansas legislatively authorized health data integration platform which is operating under Institutional Review Board approval and is compliant with the public health exception under HIPAA. However, this does not include the data or functionality required to support rate review, QHP quality reporting, APII provider reporting, or other related utilities.

WORKPLAN

Establish State of Arkansas APCD Policy Regarding:

- **Rule – making**
The process of rule-making relies on project management and legal representation. If rules for data collection for other state-mandated data systems (e.g., hospital discharge data systems) are in place, the rule-making process can mimic existing rules development processes and, to some extent, content. In addition, rules from other states with APCDs can be used as a basis for rule development.
- **Vendor acquisition and management**
The Request for Proposal (RFP) process can require up to 3 months in Arkansas. To manage RFP drafting, development, bidder calls and questions, and release of the RFP are all integral tasks to be accomplished competently. Once the contract is in place, it must be monitored to ensure contract deliverables.
- **Data release policy and process**
States that develop data release policies to support the release and use of the APCD data should factor legal resources into the costs of APCD development. While the vendor may be responsible for the creation of the public use, limited use, and/or research files, the State of Arkansas will likely need to manage the release process through some type of Review Board.
- **Data Management and Analysis Support**
There will likely need to be some internal capacity to address analytic needs post data aggregation such as the linking of members and providers across payers, rolling up claims, and other processing to create analysis-ready files from aggregated data files.

Action Steps

- g) Solicit input and advice from applicable Arkansas stakeholders
- h) Define the purpose and mission of an Arkansas APCD
- i) Identify qualified APCD Vendors
- j) Develop and adopt a realistic governance model that aligns with state and stakeholder goals, capitalizes on available resources, and mitigates actual or apparent conflicts of interest.
- k) Prepare and submit a RFI (Request for Interest) to the qualified Vendors
- l) Determine:
 - Purposes of gathering data?
 - Who will be required to report data?
 - What data are required to be reported?
 - How will the data be submitted and processed?
 - When will the data be required to be submitted?
 - Who will house and analyze the data?
 - Who will have authority to access the data?
 - The technology infrastructure to be utilized
- g) Prepare and submit a RFP (Request for Proposal) to all qualified vendors
- h) Assemble a competent team to evaluate the vendor proposals on a timely basis
- i) Write and issue final regulations, including any additional data submission requirements and data release policies required.

Arkansas APCD Operating Budget

Summary of Internal Cost Estimates

	Year 1 FTE	Year 1 Costs*
<i>Rule making</i>		
Project manager	0.5 FTE	\$25,000
Legal resource	1.0 FTE	\$65,000
Technical resource	0.5 FTE	\$32,500
<i>Vendor acquisition and management</i>		
Project manager	0.5 FTE	\$25,000
Technical resource	0.25	\$16,250
<i>Data release policy and process</i>		
Project manager	0.25	\$15,920
Legal resource	1.0 FTE	\$65,000
TOTAL		\$244,670

(Contract Analysis)

APCD contract amount by contract type

<i>Contract Type</i>	<i>Annual Contract Amount</i>	
Aggregation	\$ 795,594	
Analytics	\$ 658,774	
Total	\$1,454,368	

FY14/FY15 Combined Budget

Internal	\$ 244,670
Contractual	\$1,454,368
	=====
Total	\$1,699,038

EXHIBIT TWO
iRATE

BUDGET BY DELIVERABLES FY14

SERVICES – Project Management and Application Development

1. Plan Management/QHP	
A. September 1- December 31, 2013	\$100,664.00
B. January 1 – March 31, 2014	\$ 91,010.00
TOTAL	\$191,674.00
2. Transparency Upgrades/Templates	
September 1 – December 31, 2013	\$75,000.00
TOTAL	\$75,000.00
2. Actuarial Value/Essential Health Benefit	
July 1- September 30, 2014	\$100,000.00
TOTAL	\$100,000.00
3. Metrics/MLR	
July 1- September 30, 2014	\$85,000.00
TOTAL	\$ 85,000.00
4. Actuarial Memorandum	
April 1 – June 30, 2014	\$75,000.00
TOTAL	\$75,000.00

TOTAL	\$ 526,674
--------------	-------------------

iRATE

In June 2012, the Arkansas Foundation for Medical Care (AFMC) was approached by the Health Insurance Rate Review Division of the Arkansas Insurance Department (AID) to build a comprehensive Data Center for **Insurance Rate Review** that will combine health system data from Arkansas commercial sources to achieve these objectives:

- Protect consumers from unreasonable, unjustified and/or excessive rate increases;
- To enhance existing systems to enable us to capture required data, aggregate data, report critical;
- To review trends and rating practices in the individual as well as the small and large group health insurance market to help develop policy initiative and make recommendations aimed at ensuring health insurance rates charged within the state are fair and reasonable;
- Gain insight into Arkansas's health insurance systems by identifying variations in insurance rates;
- Promote transparency across health insurance providers and reimbursement systems, and
- Guide development of new rate review models for considered implementation

After careful analysis and planning, the iRATE application was developed to meet the needs of the AID and the industry at large. Two phases of the project are complete thus far and a third phase is currently underway. Additional phases are planned over the next 2 years. As the industry changes, the need for modifications to the iRATE application exist, so AFMC must remain flexible to meet the needs of the industry.

Phase I began in August 2012, completed in February of 2013, and was the foundation for future phases. The primary focus with this phase was accessing and displaying large amounts of data available in SERFF. To access the data, AFMC needed the AID to grant access to use the SERFF API. This was granted and AFMC and AID worked together to present the data in a meaningful way to the user, performing calculations where needed. One of the bigger challenges within SERFF is to be able to compare filings. With iRATE, the user is able to compare a filing with 1) other filings (with the same TOI and sub-TOI) from the same insurance company and 2) other filings (with the same TOI and sub-TOI) across the industry all on one screen. All relevant information is captured for the user to make this comparison. All filings can be searched using the enhanced search feature within the application.

The integration of an industry leading reporting engine was also included in Phase I. AFMC wanted to provide reports that were meaningful to users, but also give them flexibility to run, filter, and schedule reports as needed. When selecting a reporting engine, consideration needed to be given to allow the reporting feature to grow with each state as business needs change. AFMC did not want to make user dependent on a 3rd party software company to design, code, and test a new solution that didn't fit in with the states' timeframe. Business Objects (BO) was the tool selected to address these needs. With BO, users can create their own reports and have them scheduled to run based on their needs. BO truly allows states to customize the information they want to see, when they want to see it.

Another feature included in the Phase I application was the ability to customize the application to fit the needs of the department. Custom Lists were incorporated to allow each state to capture data not included in SERFF.

Any data can be captured and each state can configure the Custom Lists using an easy-to-use Maintenance interface. Now, each state can customize and capture any data they need to comply with their departmental or state processes/procedures.

Originally, Phase II was to incorporate data from existing sources into iRATE. With CMS mandating the Unified Rate Review Template (URRT) in late 2012/early 2013, Phase II shifted focus to include it into the application. Outside actuarial assistance was used to present the data in an effective manner and calculate fields to provide assistance to a reviewer. Charts were also included to highlight key information. Including the URRT was the largest piece of Phase II, but additional modifications were made to improve the user experience. Phase II development began on 2.12.2013, immediately after Phase I completed, and finished on 6.3.2013.

Phase III of development has recently begun. This phase will include modifications to enhance transparency between the AID and consumers in the state of Arkansas. Currently, the AID hosts a website to provide consumers with easy to understand information about the reasons for significant rate increases and post justification for the increase. By doing this, the AID expects to bring greater transparency, accountability and help moderate premium increases. Phase III will integrate information from previous phases into this website to provide even more information to the consumer. Phase III will include information from the Rating Table Template, Rating Rules Template, Service Area Template, Business Rules Template, and Rates Template. Additionally, this phase will begin the research and analysis of Plan Management for future incorporation into iRATE. The Plan Management feature promises to be a significant addition to the application and the necessary research will begin during this phase.

Strategy sessions have already started regarding the future of the iRATE application. Research and analysis of Plan Management will continue, but development and incorporation of Plan Management data into the application are planned throughout 2013 and into 2014. Improving the Transparency feature will be included in the 4th quarter of 2013, providing even more information to the consumer. Determining and calculating Actuarial Value and Essential Health Benefits will be another priority in the 2014 calendar year. A key component to improving iRATE's benefit to insurance departments will be the enhanced use of metrics to aid reviewers in their analysis of a particular filing. Medical Loss Ratio (MLR) is an important piece of these metrics and will be included in 2013-2014. Standardizing and including the Actuarial Memorandum will be the main focus for the remainder of 2014. Working with the AID and actuarial consultant will be critical to creating a standardized document that will be uniform and useful for all insurance companies.

As always, AFMC must remain flexible as business needs change. Past events have shown that changes in the industry necessitate a change in focus or direction with the application. When migrating to each phase, AFMC must remain cognizant that plans could change. We are prepared to handle change and will adjust focus to fit the needs of the industry. With the changing marketplace, the need to provide states the ability to analyze and review rate changes is essential. Working with each state to ensure they are protecting consumers is the main focus of iRATE. iRATE is, and will continue to be, the leading tool to perform effective rate review. AFMC will continue working with the AID to improve and enhance iRATE.

EXHIBIT THREE

HIRRD Website

Effective consumer outreach remains an important goal for Rate Review. We currently have a website dedicated to providing consumers and small businesses with understandable, meaningful and useful information regarding the rate review process, general health care costs and easy access to rate filings. The platform of the website is to educate and increase public awareness about rate review. The next phase will include expanding 'health care 101' information, develop a rate calculator, create a responsive design site for mobile devices, develop additional videos to continue educating stakeholders in a more engaging way and receive more search engine optimization or SEO recommendations to current and future pages. The process of uploading rate filing information to the tables on the site will be automated. Exchange rate filing information will also be included. Additionally, a translation feature will be installed for Spanish speaking consumers.

Developing and distributing educational print material will also continue through this grant cycle. Distribution of pamphlets, booklets and handouts will take place at various outreach events including but not limited to health fairs, business expos and educational events. Spanish language materials will also be developed during this next grant cycle. Outreach will be measured by web traffic, amount of materials distributed during outreach events, e-alert sign-ups, consumer involvement such as comments and inquires and database searches.

Transparency. The most exciting development for Arkansas consumers and other applicable stakeholders will be the creation of major transparency (rate justification) and data simplification (understanding) of healthcare filings on a timely basis within the HIRRD website.

This will be accomplished through major modifications and upgrades to both iRATE and the HIRRD website. By so doing, the AID expects to bring greater transparency, accountability and help moderate premium increases. Phase III of iRATE will integrate information from previous phases into this website to provide even more automated information to the consumer.

Future development of iRATE Phase III of will produce inclusion of 'Plan Management' which will be automated for direct insertion into the HIRRD website in a very understandable format.

BUDGET

Cost:

Additional development (translation feature)/include responsive design: \$ 25,000

Videos: \$ 15,000
(closed captioning)

Print material development (editing software, Spanish language) \$ 30,000

Printing costs (paper, ink) \$ 5,000

Total

=====
\$ 75,000

EXHIBIT FOUR

AID Required Plain Language Summary

State of Arkansas Requirements for a Plain Language Summary for all Comprehensive Major Medical Filings Requesting Increases:

Arkansas carriers must submit a Plain Language Narrative Summary explaining the reason(s) for any proposed rate adjustment. The purpose of this Narrative Summary is to provide a written explanation to the company's policyholders to help them to understand the reason(s) why a rate increase is needed. Therefore, the Narrative Summary must be written in an understandable, plain language format, easily understood by consumers.

- The Plain Language Narrative Summary will be a public document and will be posted on the Department's website. The length of the Narrative Summary should not exceed one page.
- The Plain Language Narrative Summary should include, but not be limited to, the following information:
 1. The name of the company submitting the rate adjustment request.
 2. A summary of the proposed rate adjustments.
Each summary must contain the following:
 - a. A brief description of the overall experience of the product including the historical and projected experience and the loss ratios.
 - b. Explanation/Justification for increase. This section should specifically identify the factors that are driving the proposed rate increase for the specific products contained in the filing, including the relevant claims and non-claims expenses.
 - c. Effective date of rate increase.
 - d. Number of people the increase will affect.
Example: This filing will affect "X" # of current enrollees in addition to any new enrollees.
 3. A description of which policyholders are affected by this rate adjustment application.
The rate adjustment may only affect certain policyholders in a market segment (e.g., Small Group), or with certain products (indicate the "street name" of the products affected), or only a certain renewal cohort (e.g., policyholders renewing mm/dd/yyyy – mm/dd/yyyy).
 4. The product street name is the product name as advertised to consumers (i.e., as consumers are likely to refer to this product/policy form when communicating with the Department).

5. The effective date of the proposed rate adjustments and an indication of when the rate change would affect policyholders.
- Must be submitted via SERFF as an attachment. Attachment must be labeled as “Plain Language Summary”.
 - Must be converted from a word document to a PDF when submitted into SERFF (if cannot be a scanned document). Summaries are posted directly to the Department’s website along with the rate filing.
 - Length should be no longer than 1 page.
 - It is suggested that once reviewed by the Department, the company post the Narrative Summary to a location on its website that is publicly available, that is, a location that can be viewed without the need for a user ID and password. Links should be provided on key pages of the company's website so that the information may be easily located.

Any change(s) made to the Narrative Summary subsequent to the posting is to be submitted to the Department with the specific change(s) identified.